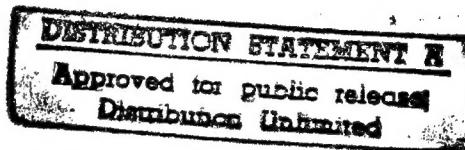




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Pashko on Need for Aid From 'Group of 24'

92P20001A Tirana ZERI I POPULLIT in Albanian
21 Sep 91 p 4

[Article by ZERI I POPULLIT correspondent: "From the Press Conference of Dr. Gramoz Pashko, Deputy Prime Minister, Minister of the Economy, and Chairman of the Albanian Delegation to the Brussels Meeting: The Strong Support of the Group of 24 for Reforms in Albania"]

[Text] At the beginning of the conference, Gramoz Pashko said that the Group of 24, together with the United Nations program, organized a meeting with our country, a meeting which we consider to be successful. The importance of the meetings lies in the fact that this is the first time that the Group of 24 has met with an East European country like ours for the purpose of helping with reforms. It is the first time that this group has had a meeting for a specific country. The issue of aid to Albania and to the country's reforms was on the agenda for the meeting. One of the most important achievements of our meeting with the Group of 24 was the fact that this group welcomed the assurance given by members of the Albanian Government that they would faithfully implement economic reform. The message of the meeting was the strong support of the Group of 24 for Albania. The implementation of reform is the best way to transform Albania and the industrialized countries will help us as long as we carry out these reforms. We are not carrying out reforms so that they will help us; we are implementing reforms for ourselves.

Now and later on, Albania will be thought of as a country which can profit from the assistance of this group, which will consist, first of all, of food aid, immediate food aid. This will mean that food aid will be given in stages and assistance will also be given in distributing this food aid. This assistance will extend over a period of 18 months, while the immediate aid will cover the period extending to June of next year. A specified quantity of grain has been agreed upon. The assistance will include the necessary logistics, such as transportation and the creation of the appropriate infrastructures. This will be carried out by combining the efforts of the Group of 24 and the Common Market countries. We will carry out a complete restructuring of the distribution system along with distributing the aid.

The second aspect of the assistance which the Group of 24 will give is the technical assistance which will begin immediately. This will be carried out by means of bilateral aid and also by including Albania in the "Phare" project, a program which helps the East European countries, providing several types of assistance, such as assistance with projects, providing specialists for all our fields. Very soon, agreements will be signed for the implementation of this program, especially in the field of agriculture, for small and medium-sized privatization; in the banking and financial fields; in the field of legislation. The appropriate means will be made available to us.

The third aspect of the aid is a set of agreements which are to be signed this year between Albania and the European Common Market. First of all, a trade agreement is ready for signing. In this agreement, Albania will be given favored treatment in regard to the customs barriers of various countries. This will be achieved with the arrival of a group of experts sometime this month and then preferential agreements will be signed. It is expected that Albania will soon be given the status of associate member of the European Common Market. This will mean that Albania will be given most-favored-nation status.

The key problem for us was support for economic reforms. This means support for the balance of payments. So far, no investor is investing in Albania because no foreign bank is financing these investments. We executed a release of this debt, partially, with Italy during the visit we made a few days ago. We said that we acknowledge the debt we have as an obligation of the state. If we did not acknowledge this debt publicly the situation would be catastrophic. As soon as we make the economy sound we will pay the debt. By this move, we opened up the road to the Italian banks but we have not yet opened the road to other banks, such as the French banks, etc.

As of now, we have a small credit of 60 million dollars from Italy, which will be repaid with raw materials in the September-November period. Prior to October, our economy is in no position to produce and to export on its own. A solution is needed to open this road to us. And this is through the International Monetary Fund—a solution which presupposes not only support for the balance of payments and support for the conversion of currency, but also presupposes a definite economic policy which we must implement. We are awaiting the acceptance of our country in the IMF. The IMF has expressed approval, in principle, of our reform, paving the way for our acceptance as a member at the Bangkok meeting. The final communique of the meeting also expressed this. The Group of 24 will study the forms in which it will give aid supplementing that of the IMF while supporting the program of the IMF. This cannot take concrete form prior to the second half of 1992. If we approve a package of serious reforms and if we receive the approval of the IMF, then the Group of 24 will fill the gap which will be created in December prior to IMF membership. The IMF is paving the way, and therefore there is cooperation between this body and the Group of 24 in supporting our needs for a balance of payments and for raw materials until the economy is reinvigorated. This cooperation in the area of reform will extend over a period of 14 months.

We feel great responsibility in our work. We have learned how badly our apparatus are working on all levels. The idea that we will go into Europe by working and not by getting handouts from others is not being implanted.

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This was the general message of the meeting.

Later, the journalists present at the meeting asked some questions.

[Question] How does the government intend to reorganize apparatus to make them responsive to reform?

[Pashko] Albania will be given aid by international institutions to carry out reform; high-level advisers and specialized experts will be sent. This will help to achieve the qualitative improvement of the work of our apparatus. In addition, the government has taken measures and is renewing all the apparatus on the basis of a new way of thinking. However, we are asking for aid to ensure that these apparatus will operate effectively.

[Question] Do the parties which will give us aid have confidence in the present government and trust that the aid which they will give will be used effectively?

[Pashko] This is proven by the communique on the meeting which states that the Group of 24 welcomed the assurances given by the representatives of the Albanian Government. They are collaborating in the logistics of giving and distributing aid. If they had not had confidence in us they would not have opened their door to us.

[Question] If our parliament, with its composition, is not responsive to today's problems, what will have to be done?

[Pashko] The parliament is composed of various political forces that observe specific programs. If our parliamentarians do not understand reality, I do not know what solution will be found. It does not seem to me that the situation should arouse such pessimism. Just as in the other East European countries, the parliament is moving more slowly than the activity of the government, and a gap is being created between them. The government is confident that our members of parliament will understand the level of importance of this work. We are calling upon the members of parliament to provide the main support.

[Question] What are the immediate measures that the government is planning to take for reform?

[Pashko] The measure is to put the reforms into practice; reforms which, up to now, were on paper will begin to be put into practice. The reform has three basic directions. The first is macroeconomic austerity. The second is the liberalization of prices and the third is the gradual implementation of small-scale and medium-scale privatization.

[Question] Will the aid of the Group of 24 be delivered by the Italian soldiers who have already arrived or will each country send its soldiers?

[Pashko] Not every country of the Group of 24 will send soldiers. It is possible that there will be no need for soldiers if we have honest and disciplined people, so that the aid will not be wasted. The army is not responsible

for this, but it is logistics which is necessary for distributing the aid where it is needed, after a portion of the aid which we had in Albania was attacked and lost.

Responsibilities for Foreign Cultural Relations

91P20003A Tirana DRITA in Albanian 18 Aug 91 p 2

[Article by DRITA correspondent: "During the Week in the Ministry of Culture"]

[Text] The Government of National Stability unanimously accepted the proposal of the Ministry of Culture, Youth, and Sports that the building of the former "Enver Hoxha" Museum be placed under the jurisdiction of this ministry in order to create the International Cultural Center [QNK], which will operate on the principle of self-financing and will also carry on trade activities. In a decision signed by Prime Minister Ylli Buçi, the Ministry of Culture, Youth, and Sports is charged with working rapidly to ensure that all areas of the building are ready for use. The decision also specifies aspects of trade activity which will be carried on in the building and in the vicinity of the building.

The director of the Directorate for Cultural Relations with Foreign Countries, Pirro Misha, is contacting the American, Soviet, Italian, German, French, and Greek embassies in regard to the types of cultural centers which will be placed in the white building. Frrok Cupi has been named director of the International Cultural Center.

A few days ago, Prime Minister Ylli Buçi had a working meeting with Minister of Foreign Affairs Muhamet Kapllani and Minister of Culture, Youth, and Sports Pec Zogaj to discuss our country's cultural relations with foreign countries. The parties were of the opinion that the Albanian Committee for Cultural and Friendly Relations with Foreign Countries, which, during the monistic period, served as a filter for foreign cultural relations, has now lost its significance. In the meeting, support was expressed for the idea of creating a Directorate for Foreign Cultural, Technical, and Scientific Relations in the Ministry of Foreign Affairs and a Foreign Relations Directorate in the Ministry of Culture, Youth, and Sports. During the discussion on the relations which should exist between these two directorates with the absorption of the functions of the Albanian Committee for Cultural and Friendly Relations with Foreign Countries, there was agreement on the following:

—The initiative for foreign cultural, educational, and scientific relations should be exercised by the Ministry of Foreign Affairs.

—The directorate created in the Ministry of Culture, Youth, and Sports should exercise the initiative in regard to agreements in specific fields covered by this ministry and it will draft concrete programs for cultural cooperation and monitor their implementation.

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—The Committee for Science and Technology will operate as an interministerial organ, with representatives from each ministry, for the distribution of stipends for study abroad. The ministries will monitor the selection of the candidates and the awarding of the stipends. The Committee for Science and Technology was permitted to present its own proposal on this matter.

The participants in the meeting also agreed that the appointment of cultural attaches in our embassies would be carried out with the approval of the Ministry of

Foreign Affairs and the Ministry of Culture, Youth, and Sports. The Ministry of Culture, Youth, and Sports will have the right to have direct contacts with cultural attaches and to issue invitations to foreign cultural personalities, without going through any intermediary.

It was decided at the meeting that the directors of the two directorates created in the two ministries should reach an agreement on the proportional division of the inventory of the former Albanian Committee for Cultural and Friendly Relations With Foreign Countries.

National Bank Official on Monetary Policy

*91BA1048A Sofia BULGARSKI BIZNES in Bulgarian
5 Aug 91 pp 1-2*

[Article by Docent Milet Mladenov, deputy governor of Bulgarian National Bank: "It Is Not High Interest Rates but Delayed Privatization That Is Crushing the Life Out of the Economy; Monetary Policy During the First Half of 1991"]

[Text] Hereinafter the term monetary policy will be understood to be the influence exerted on the economy by the central bank through typical banking instruments in order to ensure conditions for harmonious development of the economy. This purpose can be broken down into the following more concrete ultimate objectives of monetary policy:

- Maintenance of economic growth.
- Guarantee of high employment.
- Control of inflation within acceptable limits.
- Equilibration of the balance of payments.

Monetary policy is based on the concept that there is an interaction, albeit indirect, between the real and the monetary (financial) sectors of the economy. For its part, in order to be successful, monetary policy must be coordinated with the other elements of the government's economic policy and, principally, with fiscal (financial) policy.

Under the conditions in our country, until recently one could not speak of a monetary policy at all. The general reason for this was that in a centrally planned economy money is allotted a secondary, subordinated role. The amount of money in circulation (money supply) was passively adjusted to the needs determined by the central plan and the state budget. Under the existing single banking system there were no banks differentiated on a commercial basis. The banks, being branches of the single national bank, were indifferent towards the price of money—the interest rate. They were always liquid and solvent for they were always in a monopoly position with an inexhaustible resource at their disposal in the form of the issue of ready money. They were not sensitive to the interest rate and the enterprises, for their owner was the state—it stood behind them and practically no danger of bankruptcy existed. Therefore the interest rate, as all other prices, was determined administratively and the amount thereof has no real economic significance. The level of the interest rate in particular was held very low for a long time. In the event of a certain lowering of prices that could not be avoided even despite administrative price-setting, this meant that the real interest rate was negative. The long-existing negative real interest rates resulted in a dissipation of social monetary capital. Credit was sought for initiatives, both unprofitable and insecure, since negative interest rates are advantageous for the debtor. By virtue of this, instability arises in the banking system—if it is operating on market principles,

this can precipitate its collapse. Given total state ownership, however, it takes the form of a forced balancing of the financial ratios by the issue of money and the creation of a tremendous excess of monetary demand in the country; and it is precisely this that caused a great jump in prices after their deregulation in February 1991.

The more concrete reason for the lack of a monetary policy is the state of the banking system. The uniting of the banks' issue and credit functions into the hands of one bank, the National Bank, is convenient and natural in a centrally planned economy. The conduct of a monetary policy, however, requires a two-echelon banking system with autonomous commercial banks operating for profit, but mindful of liquidity requirements.

The conditions for the conducting of a monetary policy were only created in our country this year. The necessary elements are still lacking, however. This factor is very important when the country's monetary policy is assessed. The central bank that conducts this policy is only now being established. This process is facilitated by the Law on the Central Bank (the BNB [Bulgarian National Bank]), adopted by the parliament in June, but the legislative foundation is not enough. Time is needed for the national bank to begin to operate as a central banking system. The limits of its operation are still narrow, which is due to several circumstances. The first is the lag in the development of the commercial banks as genuine money merchants and this results mainly from the predominant state ownership therein despite the fact that in juridical form they are joint stock companies. In the vast percentage of the banks the shareholders are state enterprises and the BNB. Therefore it is imperative to restructure and privatize the commercial bank sector.

The second circumstance involves the existence of the banks' problematic uncollectible claims, huge in their amounts. These claims arose in the past through credits granted by the BNB for investments and subsequently inherited by the commercial banks. The uncollectible claims bind the banks and the enterprises into an interwoven network, and without solving this problem it is difficult to speak of actually decentralizing and granting autonomy to the commercial banks regardless of their legal status. The DSK [State Savings Bank] is also included in the system of these claims and obligations, for in the past it made available large monetary resources to the BNB and to the state, which through credit operations became now-uncollectible credits. Actually, the disentanglement of this problem is already being sought, but it cannot be done instantaneously.

To the two foregoing circumstances a third can be added. It boils down to the problem of the BNB's independence of the government. From the viewpoint of the law, the BNB as a central bank is autonomous of the government. The BNB Law unambiguously specifies that "in determining the general directions of monetary and credit policy the BNB and the Council of Ministers shall reciprocally inform each other of their intentions and

actions." In many laws regarding the central banks in other countries, such a formulation is lacking but this does not prevent the autonomy of such banks from developing to a great degree. The problem is not in nominal, juridical autonomy, but in real autonomy, won by competent and timely actions, autonomy under conditions of the central bank's independence from the government. Actually, the main thing reduces to the working out of a smooth mechanism for cooperation and synchronization of the actions of the central banks and the government. Great differences between them or the delaying of an adequate reaction on one side would prevent obtaining the results sought through the economic, including monetary, policy.

The monetary policy in the initial phase of reform had more of a compulsory character than it was an experiment in independent actions based on one's own assessments and confidence in the mediating mechanisms and expected results. Actually, the government's entire economic policy has been pursued under conditions of constricted choice and with no reserves. The reason lies in the inheritance that the present government has shouldered as well as in the delay in demonopolization and privatization. To these limitations we must add the difficulties with foreign financing caused by the unilateral moratorium on foreign debt.

Albeit short, the space of time permits us now to assess the economic and monetary policy pursued from the beginning of this year and, more categorically now than a month or two ago, we can conclude, with allowance for the political status quo in the country, that anything much better could hardly have been done. One of the main weaknesses of the monetary policy is that its capabilities have been overestimated; it has been charged with a task beyond its powers and unfeasible from a theoretical viewpoint as well, namely, that of counteracting simultaneously both a recession in the economy and inflation. The restrictive character of the monetary policy during the months of February-June indeed helped arrest prices after the initial great jump in February when they were freed for the first time in the country's postwar history. The inflation tempos in the months of April, May, and June were low for the situation in which we found ourselves. It is very probable, however, that inflation will accelerate more perceptibly by the end of the year. The reason for such apprehensions lies in the fact that the state sector still predominates, especially in production. The burden of reform thus far has been borne mainly by the population. But the curtailment of consumption, which is already very great, has its limits. It is normal for a part of the costs of reform to be shouldered by the private sector through creating new workplaces, for example.

The restrictive monetary policy would be bound to result in the "excision" of inefficient plants from the economic sector. Together with the newly created private firms with production activity, this would be bound to "unclog" the economy and pull it forward, putting it on a sturdy foundation albeit at the price of greater initial

unemployment than at present. The probable price that we are going to have to pay besides it continuing shrinkage of production and consumption. Or, more clearly stated, the present economic policy like every stabilization policy has exhausted its possibilities and will hardly be successful unless it is accompanied by real steps of demonopolization, privatization and a restrictive fiscal policy. The liberalization of prices gave only an initial impetus to production, to which in the main the private agricultural sector and otherwise predominant state production responded adequately. The energy of this impetus has weakened since it has not been carried over into state production, including the export sector. The economy is striving to return to the old pattern even though on the surface the processes may not look like it.

One of the goals of monetary policy in the past period was to keep the price level under control, especially at a moment when a transition was being made to mass liberalization of prices. But, as is known, the price level cannot be directly affected by monetary policy. Intermediate goals have to be selected. In the usual practice of other countries such intermediate goals are the interest level or money supply. The intermediate goal must be capable of control by the central bank and there must as well (in the case of the general price level) be a stable connection between this intermediate goal and the final goal.

At the same time, it is believed that under market economy conditions both intermediate goals—money supply and interest rate—cannot be controlled. Some authors draw an analogy between a monopoly and the central bank. The central bank as a monopolist in the "creation" of money can either determine the money supply while passively leaving the interest rate to reach an equilibrium level, or fix the interest rate but leave the money supply to seek its own level. The central bank cannot simultaneously fix both quantities and if it tries to do so, it will divert monetary policy from the market optimum.

In the possible instrumentarium of monetary policy our central bank had no great choice. The system of interenterprise loans expanded during this critical period, but it was in the semilegal form of overdue payments and chain-reaction indebtedness, which did not lead to the mass bankruptcies of firms and eventually of banks simply because there is no private ownership in the banking sector. Commercial credit is in covert form because it has grown into or been replaced by a semi-compulsory system of bank loans. Here one must not draw an analogy to commercial credit. Its absence is concealed in the economy's still-deficit character, but it would contribute to the normalization of trade turnover as well as to banking operations. Due to the lack of an economic basis for discount and rediscount operations, it was impossible to conduct a discount policy which, even though it has lost its significance in the developed countries, still has its place.

The situation is analogous with central bank operations in the "open" and collateral-loan market. Here, too, financial support in the form of state securities, through the purchase and sale of which the central bank could influence interest rate levels and money volume, is lacking. In fact, the first state loan with a term of one year was issued in February 1990, and the regular issue of quarterly treasury bonds began in July 1991. At present, however, these state securities have only a primary market and do not move. The obstacle to this is not just the lack of express legislation on securities and stock market operations. If the banks, including the DSK, built more significant portfolios of their own with state securities, this could give the central bank an opportunity to begin "open" market operations. Through these operations, albeit in a comparatively primitive initial form, a new flexible instrument will be created for refinancing the commercial banks and conducting a monetary policy. These operations involve the more general problem of the secondary securities market. Happily, though tardily, our country by now sees more clearly the importance of the secondary market—creating, as it does, confidence in any purchasers of securities that these can be converted into liquid assets if necessary, it likewise makes participation in the primary market sensible and arouses interest in doing so.

In 1990 the BNB introduced mandatory reserves for commercial banks, requisitioning capital from them. Initially, the amount thereof was 5 percent, but since December 7 percent. Mandatory reserves are a comparatively more conservative instrument of monetary policy. It is advisable that any change therein not be frequent lest uneasiness and destabilization be created in the banking system. Notwithstanding, their use is traditional even in countries with a developed banking system.

Of principal importance for the BNB's monetary policy is the interest rate at which it refines the commercial banks, called the key lending rate, as well as the "ceilings" for the commercial banks' credit operations. Since the beginning of the year the key interest rate had changed repeatedly, from 4.5 percent to 15 percent in January, to 45 percent in February and to 52 percent in June, but since 10 July it has declined to 47 percent (as an annual rate). In 1990 all the commercial banks were refinanced unlimitedly and with carte blanche at the key interest rate. With effect from the beginning of 1991 a restriction was introduced, namely, the commercial banks can obtain at the key lending rate up to 20 percent of the resources that they need for their credit operations. This is accomplished through deposits with a three-month term which the BNB holds in account with them. The rest of their resources they can get through the interbank market where the interest rate level in principle is higher than the key interest rate.

The drastic increase of the key interest rate, which pulled the entire interest rate network upwards, was triggered by the anticipated strong rise of the general price level with the freeing of prices in February. Through high rates

of interest some current consumption was postponed and transformed into term deposits, whereby demand pressure on prices and the exchange rate (likewise freed in February) fell off. A lessening of inflation is a general precondition for a lessening and normalization of the key interest rate also. For all that, even at the highest level it reached, the key interest rate remained a negative quantity in comparison with the annual inflation rate. The frequently encountered reproach that high interest rates "are crushing the life out of" the economy would be true only for a normal economy. It is not high interest rates, but dilatory privatization and well-reserved monopoly state structures that are the chief obstacle to the progress of reform and to a halt in the decline of production.

The "ceilings" for the commercial banks' credit operations were set at 102 percent, but later raised to 109 and 112 percent. These "ceilings" limit the volume of credits that the commercial banks grant, in comparison with the end of the preceding year. The credit "ceilings" are a means of direct (administrative) regulation by the central bank of the commercial banks' operations, for which reason it is believed that they are not appropriate for countries with developed market structures. Even so, until comparatively recently some large developed countries also used credit "ceilings." It is a powerful instrument of monetary policy, for through it the volume of credit in the economy is directly controlled. At the same time, it is in conflict with market principles and that is why, with the transition to developed market relations, it is logical that it should gradually be abandoned. The banks are not in an identical situation in respect of credit "ceilings"—some reach them, others are below them. On this basis a "ceilings" market is developing, with some banks capable of advancing loans to firms to purchase agricultural products beyond their specified "ceilings."

Since February a foreign exchange market has been functioning in the country. For the first time in the postwar period the system of administratively determined and greatly undervalued exchange rates for foreign currency has been abandoned and a changeover made to a unified market exchange rate. The introduction of such an exchange rate was tantamount to a drastic devaluation of the lev. After considerable initial fluctuations, from the end of April on the exchange rates held firm in a range of 16-18 leva to the dollar. The volume of operations in this market is not great; for example, in June it ranged from 2 or 3 to 8 or 9 or slightly more millions of dollars in daily purchases (or sales, as the case may be). There have been no significant BNB interventions. Through these interventions it is possible to maintain a desired foreign-currency exchange-rate level, but only up to certain limits (depending on the country's foreign currency reserves). The accumulation of sufficient reserves would make it possible to maintain the foreign exchange rate more successfully, and even to fix it, which would have beneficial consequences.

A more complete assessment of the monetary policy pursued by the BNB from the beginning to the middle of 1991 would show that fundamentally there has been the intention to limit demand at a time when prices were being freed. This presupposes that a restrictive policy was being pursued. The signs of such a policy are apparent. High interest rates, introduction of credit "ceilings," a decline in the automatic refinancing of the commercial banks. The results of this policy, however, are conflicting. The restriction resulted in a contraction of the money supply not only in nominal, but also in real terms. This contraction, however, is probably compensated for, to a certain extent, by an increase in the velocity of the money supply. Moreover, the lack of monthly data on gross product prevents a comparison of the dynamics of the money supply and gross product in nominal terms and hence prevents the drawing of a

comparatively accurate conclusion regarding the restrictive character of the monetary policy.

The amount of domestic credit for the economy in the February-May period remained almost unchanged. At the same time there was significant growth in credit for the state. This is proof of a shift of credit for the economic sector from credit for the state. This effect will be intensified still more now that parliament has decided to refinance up to half of this year's budgetary deficit by direct loans from the central bank. Such large loans may necessitate an issue of money which will become a source of demand and give rise to inflation. In this way, fiscal policy ceases to be restrictive and undermines the monetary policy as well. The overall result could be a new wave of inflation that will hold up and threaten the overall progress of economic reform.

Czech Response to Appeal for Slovak Sovereignty

Realistic Approach Urged

*91CH0948A Prague OBCANSKY DENIK in Czech
18 Sep 91 p 3*

[Commentary by Ivan Jemelka: "The Last Tolling of the Bell"]

[Text] The chairperson of the CNR [Czech National Council], Dagmar Buresova, for the first time publicly admitted the possibility of the disintegration of the CSFR this Friday. Jan Kalvoda, first deputy chairman of the Czech assembly, then rejected the thus far conciliatory policy of the Czech Republic vis-a-vis Slovakia. The report, which D. Buresova used to inform the delegates of the negotiations by the presidiums of both national councils in Bratislava also contains a statement regarding the totally unified view of the Czech representation regarding the method for adopting a constitution and the distribution of jurisdictions. It is clear that, within the CNR, there was a prevailing fear of a different concept of the economy and of the national-socialist orientation in the Slovak Republic which could lead to slowing down economic changes and the development of democracy in Bohemia and in Moravia. Consequently, as D. Buresova stated, if Slovakia does not provide any convincing guarantees that it will respect the federation, there is no other choice but to part company. In other words, as long as the Slovak Republic does not demonstrate a willingness to subordinate itself to the will of the central government and the parliament, a federation makes no sense.

A departure from the policy of empathy and understanding for Slovakia has also already been indicated by Jan Strasky, deputy prime minister of the Czech government, who said last week that the executive branch of the Czech Republic will, in future, place greater emphasis on Czech interests. Within the Czech government, ministers of the Civic Movement [OH] predominate—in other words, members of a political grouping which has always asserted the continuation of the federation at any price. From the proclamation of Petr Vopenka, minister of education, and Karel Spacek, minister of finance, relating to the budget, however, it is clear that despite all of the integrating efforts by the OH, there is a growing disgust among the OH members within the Czech government for Slovak separatism and political blackmail.

While the Czech Republic has, in recent weeks, "become a big boy" and is rejecting the confederative demands of Slovakia, the federal government, particularly Marian Calfa, its prime minister, is beginning to cast increasing doubt upon the right of the national councils to decide the fate of the CSFR. For the time being, the organs of the federation left the negotiations regarding the constitution and the budgets to the republics and relied on the conciliatory approach of the Czech side. It would seem that the growing unwillingness of the CNR to make further concessions and, primarily, the surprisingly

emphatic demand that Slovakia document its willingness to remain in the joint state has made federal politicians somewhat nervous. It would, therefore, not be incomprehensible if the representatives of the CSFR began to seek a lost policy of "empathy and understanding" among the Czech delegates of the Federal Assembly. This would not need to be a hopeless effort, even if only because one can anticipate that a certain self-preservation moment exists among members of the Federal Assembly. Let us say that the Slovak Republic should elevate its laws above the standards of the federation, be it through a constitution or through a declaration of sovereignty. In the spirit of the newfound understanding for Slovak peculiarities, the Czechoslovak Government and parliament would do nothing; it would not even proclaim martial law in the Slovak Republic. However, the Czech Republic becomes insecure as to whether the Slovak Republic would continue to adhere to the agreed-upon principles of economic reform. In addition, Slovakia has predetermined the content of the federal Constitution which is only barely compatible with the civic principle valid in the Czech Republic. The Czech representatives will primarily demand a strict separation of the republic budgets. However, the federal parliament will reject such a demand, because the economic existence of the Slovak Republic would be virtually impossible under such conditions.

In an effort to take federal organs into account, Bohemia and Moravia would thus find themselves in an unpleasant situation because they would be compelled, against their will, to become reconciled with a slowdown in economic and social changes without it being likely that this would put a stop to the centrifugal tendencies in Slovakia. The federal government would also find itself in a precarious position soon, as would the parliament, because an effort to bring about the formal prolongation of the integrity of the Czechoslovak state would lose support in both of its parts. The disintegration of the CSFR would then be most likely limited by the length of the struggle for the right of succession.

In these days, there comes the final suitable moment for sensibly thinking Czechoslovak political forces to attempt to compel Slovak representatives to adopt a realistic view of things. As has been shown in the course of this year, concessions and understanding of peculiarities definitely do not lead to success.

Meciar Seen as Prime Mover

*91CH0948B Prague OBCANSKY DENIK in Czech
17 Sep 91 p 3*

[Commentary by Peter Schutz: "...The Main Thing Is That We Are Slovaks"]

[Text] It is certainly no coincidence that not quite a week after the meeting of the presidiums of the national councils an additional torpedo was fired at the quivering foundations of the federation. A contemptible alliance of unsatisfied ambitions based on bigoted patriotism and

extreme irresponsibility gave rise to an initiative under the slogan of "For a Sovereign Slovakia [ZZS]." Among the signatories, we read well-known names—Milan Knazko, Jozef Markus, Jan Budaj, and others. The first-chair violin and the ideological authorship, however, undoubtedly belong to Vladimir Meciar. The call for national unity, the written petitions, and the organization of pressure actions in the streets and in the squares carry the legible political imprint of the former prime minister.

A red cloth in the eyes of the ZZS initiative is primarily the first point of the joint conclusions of the negotiations between the presidiums of the CNR [Czech National Republic] and the SNR [Slovak National Republic], which proclaims that the process of creating a constitution must not violate the continuity of the CSFR and that constitutional procedures must be adhered to. Carried to its logical conclusions, the only way toward an independent Slovakia which does not deviate from the constitutional framework is a referendum. However, the Meciar followers have no liking for going in this direction because, in accordance with all hitherto undertaken public opinion polls, this way is impenetrable. Thus, the ZZS initiative is attempting to steer the Slovak parliament in such a manner that it would declare the sovereignty of the Slovak Republic and would, subsequently, adopt the so-called full constitution. Only after abandoning these constitutional bumpers does V. Meciar suggest the ratification of the referendum in which, according to him, citizens would be responding to a question which would sound something like this: "Do you favor a sovereign Slovak Republic as an entity under international law?" Of course, this is an egregious fraud. It is necessary to know that a sizable portion of the Czech representatives have already indicated that unconstitutional steps by the Slovak side will lead to considering a joint state as being disintegrated. A ratification referendum would, understandably, no longer have any practical meaning in this case.

Further complications and exacerbations pertaining to what are already not the most ideal relationships between the republics are certainly among the goals pursued by this initiative. However, the first plan includes a frontal psychological attack upon the KDH [Christian Democratic Movement] Club among the delegates. The fate of the declaration of sovereignty will depend upon the voting by its members because it is the most numerically strong club in the Slovak National Council. Differences of opinion with the KDH are already a public secret. It is a question whether the authority of the Carnogursky brethren and fear of HZDS [Movement for a Democratic Slovakia] national socialism will once more survive a confrontation with a strong gravitation of ideas centered upon the independence of the state. In the lobbies of the VPN [Public Against Violence] Party, there are fears that a certain number of KDH delegates would no longer be able to master this additional contest with democracy.

Jozef Kucarek readily drew attention to an interesting connection involving the timing of the ZZS initiative. It surfaced on the evening prior to the discussion of the government proposal for an interpolation law in the Federal Assembly. It is generally assumed that on the day it becomes effective the ranks of those favoring Slovak independence in high state functions will begin to seriously thin out. Finally, among the signatures beneath the ZZS initiative there are two generally known names of positively identified StB [State Security Police] agents.

From this angle of view, it is not even surprising to note the perverse philosophy of unifying the nation using the idea of sovereignty, as propagated by the ZZS initiative. It is based on an ethically unacceptable thesis—we are what we are, the main thing is that we are Slovaks. Fortunately, there are still other Slovaks. Two days after the ZZS initiative, there appeared another initiative—under the slogan of "For a Joint State." Within 24 hours, it had been signed by around a thousand individuals, including a number of important personalities. I am firmly convinced that the majority of citizens are sympathetic to the second initiative. If I should be wrong, then Slovakia, which expects a sad future, will fully deserve it.

Czechs on Slovak Arguments Against Prewar CSR

Czech Views on Federation

91CH0949A Prague OBCANSKY DENIK in Czech
20 Sep 91 p 3

[Article by Vaclav Perich: "When Is Goodwill a Source of Errors?"]

[Text] One week after the presidiums of both national councils met in Bratislava, the Czech National Council [CNR] reached a new phase in discussing the relationships between both republics. Although it was stressed several times that the statements made by Jan Kalvoda, deputy chairman of the CNR, represent his personal views (or possibly the views of the Civic Democratic Alliance [ODA] delegate club), they were accorded unusually broad publicity. His criticism of the Slovak side was, simultaneously, a criticism of existing Czech policy. Clearly, reporters reported with a gusto resulting from stating the obvious and from fears that a view might be suppressed (compare this with "The Emperor's New Clothes").

For some time, the words of Mr. Kalvoda regarding the erroneous policy of meeting someone halfway, empathy and putting oneself in someone else's shoes and I did not feel like agreeing with it. After all, politics feeds on such things; meeting someone halfway in an effort to understand a partner cannot be bad—after all, goodwill cannot give rise to any kind of serious error, not even regarding the existing Czech policy.

Let us try to recapitulate the relationship between Czechs and Slovaks from this standpoint over recent

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years. Until November, we lived in a formally constitutional real socialist federation in which, with a few exceptions, feelings of patriotism were experienced only by sports personalities standing on some winner tribunes, virtually no one considered our Czechoslovak Socialist Republic as their own and, thus, did not even place any emotional demands upon it in this regard. No one could make the question of relationship between Czechs and Slovaks the subject of more serious conversation. Any possible dissensions were relegated to the sphere of jokes, of beer drinking, and sports-fan fraternities.

In a more offensive form, they were being spread as rumors of secret conspiracies. That was the starting level—the zero phase.

Within the framework of renewing democratic conditions in our countries, there was, quite naturally, beginning talk on rectification even in that regard, there were lofty words on an authentic federation and we found ourselves in phase one. With a little exaggeration, I would call this phase the phase of Slovak awakening and Czech drowsiness. While various people in Slovakia were discovering repeated proof of the fact that their national development had been slowed by the Czechs, had been limited and universally cheated, the Czechs were sullenly and very angrily asking what it was that was going on, whom are we supposed to have harmed, and do we not have enough other worries—let the Slovaks knock it off.

Such an attitude would irritate a temperament which is even weaker than the Slovak one. Decisive actions, campaigns, and political steps occurred. Let the Czechs rub their eyes—there was Tiso, the successor to the Svatoplucks, the law on the Slovak language, the jurisdictional law. And a listing of Czech perfidy, ranging from Cleveland all the way through federalization in 1968. This is phase two, over which the vision of an independent Slovak star in the European heavens is twinkling with increasing strength. The Czechs—at least some of them—did rub their eyes and reached into libraries and read how things were in Pittsburgh and what is known about the death of Stefanik. They attempted to understand. In this phase, I believe that an attempt at putting oneself in someone else's shoes, an attempt at empathy, was essential, despite the fact that it perhaps betrays the fact that this is also a little attempt at a certain amount of paternalism. When someone is annoying and does not stop, I shall show goodwill and he will quit.

The Friday discussion of the CNR demonstrated that the Czech representatives have arrived at an attitude in which they indicate the outlines of Czech policy without specifically defining it. If we can continue to live together in a functioning federation without terminal disputes regarding procedures, jurisdictions, and international subjectivity, we shall be very happy. But we cannot have, and do not want joint state organs together with anyone who will not have good relationships with them. The Slovak question is a question of Slovakia.

Legal Continuity of Republic Seen

91CH0949B Prague OBCANSKY DENIK in Czech
20 Sep 91 p 3

[Article by Jan Rychlik: "My Dear Mr. Carnogursky"]

[Text] In a letter to Mr. Dienstbier, you claim that Czechoslovakia did not exist, de jure, without a break from 1918 and you demand that this passage be eliminated from the Czechoslovak-German agreement which is under preparation. You further contend that the declaration of Slovak independence by the Slovak Assembly on 14 March 1939 was in agreement with the Constitution. Let us now leave the fact aside that, according to the then valid law on the autonomy of Slovakia, Law No. 299/1938, the Slovak Assembly had no right to vote on the secession; let us also not mention the fact that this Assembly was elected on 18 December 1938 on the basis of the "unified candidate list of the Hlinka Slovak People's Party," in other words, by a method which is well known to us from other regimes which later became established and that a parliament, which came into being in this way, is difficult to consider as being representative of the actual will of the people. As a lawyer, you should not be missing the fundamental matter—which is that by the secession of Slovakia on 14 March 1939, Czechoslovakia did not cease to exist, but continued to exist, albeit on diminished territory. Not even the fact that one day later this diminished Czechoslovak territory was invaded by the German military means that the state went out of existence. There were representative offices abroad, which were recognized by foreign countries, there was the express nonrecognition of the German occupation, and before long there was even the Czechoslovak National Committee in Paris and, after it, also the Czechoslovak Government in London.

However, let us turn our attention to the present. Slovak representatives do not understand the reason why the Czech side is refusing to proclaim the sovereignty of the Czech Republic because they are unable to unfetter themselves from the bankrupt nationalities principle. In harmony with the existing bolshevik constitution, you, dear Mr. Prime Minister, see Czechoslovakia as merely a mathematical total of two nations and a handful of minorities. I see it as a state of Czechoslovak citizens. The language by which these citizens communicate is immaterial, as is the nationality which they claim. The Czech Republic is not, cannot be, and does not even want to be a state of the Czech people; it wishes to be a civic state. If Slovakia will now tear itself away from the republic, a situation will develop which is not dissimilar to the status which existed on 14 March 1939. Czechoslovakia, as a state of Czechoslovak citizens will not cease to exist, but will continue to exist. The Czech Republic will in fact become superfluous by this development, or it will become the carrier of the legal continuity of Czechoslovakia, no matter what it will be called.

Every Czechoslovak citizen must also have the opportunity, without regard to his nationality, of moving to that state, should he so desire.

Czechoslovakia has been in existence without a break from 28 October 1918 and will continue to exist. It is immaterial whether its eastern border lies near Jasen, near Cierna nad Tisou, or at Lanzhot. From the legal standpoint, one and the same Czechoslovakia is involved.

Experts Disagree With Carnogursky

91CH0949C Prague OBCANSKY DENIK in Czech
20 Sep 91 p 2

[Article by J.: "The Slovak State Was Unconstitutional"]

[Text] The CTK News Agency was provided with a specialized legal analysis of the claim by Frantisek Miklos, chairman of the SNR [Slovak National Council], and Jan Carnogursky, Slovak Republic prime minister, that the Slovak state was proclaimed in March 1939 in harmony with the then valid Constitution of the Czechoslovak Republic—as the above Slovak representatives wrote in a letter to Jiri Dienstbier, Czechoslovak minister of foreign affairs, by researchers at the Institute of the State and of the Law of the Czechoslovak Academy of Sciences. The analysis indicates that the law on the independent Slovak state was a flagrant violation of the then valid Czechoslovak Constitution and of the constitutional laws and was, thus, an unconstitutional act, as stated by the experts in their analysis. The unconstitutional procedure could not have resulted in a temporary disruption of the uninterrupted legal continuity of the Czechoslovak Republic from 1918 to the present, the constitutional experts contend.

Shifts on Slovak Political Scene Noted

View From Prague, Part One

91CH0916A Prague ZEMEDELSKE NOVINY
in Czech 11 Sep 91 p 3

[Article by Novacek: "What Once Kept Nations United Politicians May Divide; Will Czechoslovakia Survive Rupture on Slovak Political Scene? Part One"]

[Text] The discussions late last week between the CNR [Czech National Council] and SNR [Slovak National Council] presidiums ended with very modest results, belittled in part already at a press conference immediately following the talks by F. Miklosko and J. Carnogursky. That the Slovak side will again interpret conclusions from the Czech-Slovak talks in its own fashion was suggested by the Sunday noon TV report, "What the Week Has Brought," and then much more explicitly by the Slovak press on Monday and the same day's dialogue on Radio Forum between representatives of the CNR and SNR presidiums. Results of the latest talks are said to be meeting with misgivings in Slovakia, a view on which on the Slovak side especially F. Miklosko of VPN

[Public Against Violence] and A. Hykisch of KDH [Christian Democratic Movement] were in agreement. On this occasion the last-named gentleman uttered this highly significant sentence: "Members of the SNR presidium representing KDH had a very difficult job bringing the concluding communique into harmony with the mandate given them by the KDH leadership bodies. This will have to be deciphered and interpreted by ourselves in KDH."

The time has come to decipher a few things above all for the Czech public because the Slovak political scene is currently undergoing a fundamental reshuffling with potentially inescapable impact on Czechoslovak statehood. The information we present here comes from three sources: circles close to CNR, Bratislava political circles, and fellow-journalists there, and may be regarded as trustworthy. The constant dodging and opaqueness of the views of many "topmost" Slovak politicians are caused primarily by serious discord within VPN and KDH on whom however the Slovak governing coalition is based.

To many the most surprising is the rupture inside VPN which occurred at a meeting of its leadership in Sezimovo Usti (!) held prior to the Bratislava talks of the CNR and SNR presidiums. A dispute (which is supposed to be kept secret from the public) arose there between a profederal wing (Kucerak, Zajac, Calfa, Tatar, Somolany...) and F. Miklosko and M. Zemko, who emerged as personalities striving for an independent Slovak state. As a deeply religious Catholic, F. Miklosko was raised on this idea and during his audience with the pope he reportedly had it sanctified that the Slovak nation will be chosen to become the bridge to Russian Orthodoxy. Miklosko's statements on the theme "Slovaks are the East, Czechs the West, and we don't ever want to be West Europe" (most recently expressed gently in MLADA FRONTA DNES of 4 September) aim farther and above all theoretically deeper than Carnogursky's perception of Slovaks as a nation still uncorrupted by the West's consumerism and unpolluted by its immorality. Yet at the same time F. Miklosko is a man of such moderate nature and strong character that he is willing to "hold the front" with VPN and even follow it into opposition, even though his goal is the opposite of federation.

As for M. Zemko, he is pronouncedly separatist with good knowledge of the theories published during the time of the Slovak State and has the ambition to be "knighthed" into the role of an ideologist of independent Slovakia. If we consider the fact that both F. Miklosko and M. Zemko are members of the SNR presidium and if we add another of its members, O. Keltosova, who defected from the profederal Democratic Party to join Meciar's HDZS [Movement for a Democratic Slovakia], then one thing becomes clear: If until now the Slovak governing coalition enjoyed support of the majority of the SNR presidium (albeit a narrow one, by a single

vote—but a majority), now the situation is different because in critical moments this trio can no longer be depended upon.

For all practical purposes this means that V. Meciar (the popularity of whose HZDS has again risen above 40 percent according to a still unpublished survey) is reputedly able at any time he sees fit to bring down Carnogursky's government not only in the SNR presidium but in its plenum as well. But it is something he probably does not intend to do for now; he might rather prefer "disconnecting" the Carnogursky brothers from KDH and subsequently form a "grand coalition" with it.

Thus Meciar can proceed from a position of strength, alone choose the best time for a strike—the more so because KDH too is in the grip of internal discord. The movement is now divided roughly into three factions. One is represented by J. and I. Carnogursky, another by the SNR deputy chairman for KDH and J. Klepac, and the third steered from a distance by some members of high Catholic clergy. The second and third faction reproach Carnogursky for being too "soft" vis-a-vis "the federals" and Prague and advocate the earliest possible date for Slovak independence. J. Carnogursky, recognizing the tremendous risk (especially in international political and economic terms) of a hasty declaration of independence, must resort to maneuvering in this situation for which his room is rather narrow.

So not only Meciar but also a part of the KDH wish to shunt aside the relatively moderate Carnogursky brothers. In any event both political groups were surprised to find that they actually share the same geopolitical orientation—toward the East. True, in the case of KDH it is based primarily on moral-spiritual, anti-Western values while in the HZDS case it has its base in the Slovak (armaments) industry lobby longing for a return to an unlimited, and for many years stable, Soviet market. In this case there is a really fitting harmony between ideological and pragmatic economic-social viewpoints.

What in this situation are the prospects of the common Czechoslovak state when the Slovak political scene has undergone a shift in favor of forces which basically do not want it? Alas, there is no simple answer to this question.

View From Prague, Part Two

*91CH0916B Prague ZEMEDELSKE NOVINY
in Czech 12 Sep 91 p 3*

[Article by Petr Novacek: "What Once Kept Nations United Politicians May Divide; Will Czechoslovakia Survive Rupture on Slovak Political Scene? Part Two"]

[Text] A far-reaching rupture has taken place in VPN [Public Against Violence] and KDH [Christian Democratic Movement], pillars of the Slovak governing coalition. In VPN a F. Miklosko—M. Zemko group assumed a high profile, with the ideal of an independent Slovakia.

In KDH the Carnogursky brothers are under fire from two other factions advocating an accelerated separation from Prague and the federation. The popularity of Meciar's HDZS [For a Democratic Slovakia] is again on the rise (currently it is backed by more than 40 percent of the Slovak public) and it plans to "cut off" the Carnogursky brothers and subsequently form a "grand coalition" with KDH. The shifts on the Slovak political scene have caused the governing coalition's loss of its present narrow majority of one vote in the Slovak National Council [SNR] presidium. In other words, those politicians who display a negative attitude toward the Czechoslovak federation even if it were filled with a wholly new content are gaining the upper hand in Bratislava. It is presently V. Meciar and HZDS who have the Carnogursky government at their mercy, forming a Slovak "national bloc" and sharing to a substantial extent in decisions on Czech-Slovak relations.

What in this situation are the prospects of the joint Czechoslovak state?

It seems evident that a proclamation of the sovereignty of the Slovak nation (or state) is now hardly more than a matter of time and form. From a Czechoslovak perspective—in a manner of speaking—the least dangerous in its constitutional effect is a Declaration on Slovak Republic [SR] State Sovereignty as formulated by the Slovak Foundation [Matica Slovenska], the Sovereign Slovakia [Svrchovane Slovensko], Koreny [Roots], Stur Society, Synthesis 90 organizations and by independent intellectuals. Some SNR deputies expect that a motion to debate the declaration will be filed in the council's plenum already at its nearest session to begin on 23 September. As for instance last year in Estonia, what would be involved in this case is rather an expression of the nation's will to attain an independent Slovakia, but not a constitutional act establishing an independent Slovak republic. For adopting this declaration in the SNR a simple majority would suffice which the Slovak "national bloc" forming itself under Meciar's baton would easily deliver should they choose this particular road.

Of much greater seriousness would be a second possible variant, that is if the SNR decided to debate a constitutional act on the SR's sovereignty as proposed by the Slovak National Party [SNS]. The current CSFR Constitution does not provide for national councils adopting constitutional acts; so this would amount to an unconstitutional step which in practical terms would lead to legislation adopted by the SNR having sovereignty over federal legislation. But adoption of such a law in the SNR would require a three-fifths majority. Whether it could be obtained already now is said to be difficult to estimate.

The most far-reaching solution would be adoption of a so-called pure (or "full") SR constitution. Presently eight drafts of a "full" constitution are available, of which six have been reviewed legislatively to the point that they can be presented for debate. The drafts were submitted

by SNS, KDH, HZDS and other Slovak political assemblages. If it becomes possible to keep out matters of prestige, select one of the drafts as a basis and incorporate in it also the other drafts, one could reckon with the necessary three-fifths majority in the SNR and the possibility that a "full" SR constitution could be adopted within six to eight weeks. (There are also inclinations to have it done symbolically on 28 October.) It is assumed that the effective power of the adopted and thus valid SR constitution would be placed on hold for a period of six months, during which time it would still be possible to conclude a "state treaty" between the Slovak and Czech Republics. Failing that, after the six months' moratorium the constitution would automatically come into effect and the independent Slovak Republic would become reality.

For the Czech and federal side the six months' time limit would be both a whip and a guillotine. It would be a clear form of pressure which could be augmented by other methods as well.

A number of Slovak political parties, especially HZDS and SDL [Party of Democratic Left], for instance do not want a referendum to be carried out. That, as we know, can be done in January 1992 at the latest, but the constitutional law on referendums still lacks the appropriate implementing legislation. This would stipulate, among other things, how the federation's assets are to be divided in case the common state breaks up. Incidentally we hear from Slovakia demands that everything in federal assets ought to be distributed "globally" in a 2:1 ratio (Czech Republic: Slovak Republic), thus for instance two-thirds of the value of the "federal" Prague Castle going to the CR [Czech Republic] and one-third to the SR. Who knows if the anticipated battle in the Federal Assembly over this implementing legislation will end with its being adopted. In the process the "referendum" issue may become commingled with the "state treaty" or "full SR Constitution" issue. Should the Slovak side view it in terms of "either—or," it would be enough for instance if it does not recommend to its Federal Assembly deputies to take part in its deliberations. In view of the suspension of majority rule in the House of Nations, a collapse of the Federal Assembly would ensue.

Hence not only among Slovak politicians the view is gaining currency that mainly due to time pressure a referendum is now practically unrealizable. This unfortunately puts a major damper on hopes for preserving a genuine, functioning federation, for which most probably majorities of more than half the population of both republics would vote. Apart from that, as was noted in the Sunday Radio Forum by Czech National Council [CNR] deputy chairman J. Kalvoda (ODA) [Civic Democratic Alliance], we are now facing debate on budgetary rules and the state budgets of the federation and the republics for the coming year. And here one can expect especially great complications.

For some months now—and this is not information from J. Kalvoda—according to trustworthy sources the SR has been deliberately running up budget deficits. Virtually all enterprises report loss (which, given for instance the excessive inventories, disproportionate "upgrading" of wages, disinterest in promising production lines and hence improved marketability, is no problem to achieve). The Slovak side gives to understand that in the spirit of "customary due" it expects the deficit in the Slovak budget to be balanced out of the federal budget. Such practice is indeed routine also in many prosperous Western countries. But the problem of course is that there may be nothing to balance the Slovak budget from. The truth is that for several months the federal budget has been receiving from Slovakia barely over 10 percent of the revenues flowing to the federal treasury from the CR. It is only a fraction of the amount which used to come from Slovakia in earlier times. In other words, nine-tenths of each debt incurred in Slovakia is financed from the Czech national product.

This has led to extraordinary pressure on the Czech budget, and it is therefore hardly surprising if CR Finance Minister K. Spacek says—as he revealed to journalists last week—that the Czech government will request a change in the budget allocation ratio (Federation:CR:SR) from the present 40:35:25 to 31:46:23 for 1992. Of course this will most likely be unacceptable to the Slovak representation because such ratio would turn its "generous management" into the SR's economic bankruptcy. So it is the more to be assumed that rather than acceding to something of this kind, it will use in the forthcoming Czech-Slovak negotiations on powersharing some of the obstructionist or directly blocking political "stratagems" as we described them earlier.

Such is, alas, the real state of affairs after the rupture on the Slovak domestic political scene. The Czech side, as was unanimously agreed also on Monday's "Radio Forum" by all representatives of the CNR presidium with D. Buresova at the head, is determined to continue doing the maximum for the preservation of a common Czechoslovak state. But its tolerable limit, we would add, which the Czech representation could not justify to CR citizens, is something it could ill afford to exceed. In this situation it is well that—as we are informed—the appropriate Czech government ministers are fleshing out more precisely a scenario for the case that some day, perhaps even soon, we may wake up no longer in Czechoslovakia but in an independent Czech republic forced on us.

Between West, East

91CH0916C Prague MLADA FRONTA DNES in Czech
4 Sep 91 p 1

[From the "Dnes" column: "Ivo Slavik Asks Frantisek Miklosko"]

[Text] [Slavik] Considering the protracted disputes, would it not be more useful to sell Czechoslovakia to the

United States for a symbolic price as the Russian Czar once did with Alaska?

[Miklosko] No. Just the other day I read something interesting. In the journal STREDNI EVROPA it said that what is currently going on represents a total victory of Western liberalism over all ideologies that ever existed here. And we must ask ourselves with the utmost seriousness whether Western liberalism is our path into the future. For many years I have had the opportunity of contact with the West. There they interpret the present situation as primarily a victory of their system over the East. But the West does not represent any tremendous spiritual value. At this moment it is important to tell ourselves what we are capable of standing up against it so that we avoid falling into anachronisms or relics, and moreover create something which after all would be our own authentic way corresponding to our traditions.

Leader of Environmentalists on Ecological Challenge

91CH0929A Bratislava KULTURNY ZIVOT in Slovak
9 Sep 91 p 3

[Interview with Mikulas Huba, chairman, Slovak Association for the Protection of Nature and the Countryside, by Peter Sporer; place and date not given: "My Criticism Is Objective, Not Personal"]

[Text] [Sporer] The Federal Government recently submitted to the parliament the long-postponed laws on the environment. But instead of approbation it only elicited outcries from the Slovak side. What do you think about that?

[Huba] What can I think? When at long last the agenda included the existentially necessary laws on the environment dealing with waste and clean air, which have been postponed for not just years but literally decades, the Slovak government became alarmed that the idyll of fine speeches and questionable acts will end. It was alarmed that it will have to give up the comfortable illusion that the wolf (meaning the extensive economy of the old-new type) can have his fill and the sheep (meaning healthy man and his environment) will remain whole. I am aware that my statement is somewhat simplified, but that is the way I see the heart of the problem.

[Sporer] Aren't you being too harsh? After all, some positive changes were nevertheless made when a number of harmful productions were cut back?

[Huba] That is true, of course, but I cannot think of one single instance where the main, primary reason was the necessary improvement of the environment rather than marketing problems or a desperate lack of efficiency. The Poles did not hesitate to eliminate a number of productions precisely for ecological reasons, without concern for the impact on the economy. And those were not just any facilities and any productions. As an

example, I might mention the shutting down of the only Polish nuclear power plant in Zarnovce, the factory for the primary production of aluminum near Krakow, the chemical plant in Krakow, the restriction of metallurgical production, the water project on the Danube, and other steps that could be an inspiration precisely for our state. But it somehow does not want to be inspired by positive examples in the environmental area. And the parliaments more or less tolerate it.

[Sporer] Your assessment of the actions of the Slovak government obviously will not be as optimistic as was the positive self-evaluation of government representatives following the passage of the symbolic 100 days after its installation?

[Huba] The government certainly makes many decisions under pressure, at considerable sacrifice, doing the best it knows how. It is not an easy task for the government, but it does not diminish its responsibility. However, I must criticize its ecological, or to put it more accurately, antiecological, policy even if I do not want to. Among other things, because it falls within the context of the painfully felt retreat of the powers that be from the ideals of the Velvet Revolution, tolerance, democracy, and Christianity, which the postrevolutionary powers invoke but at the same time trample on in an un-Christian manner. The physical force used by the official powers against the peaceful demonstrators at the Danube dam is not, after all, just a slap in the face of ecology or the environment but of a basic human right as well, as was rightly pointed out by the representatives of the movement HUMAN and the Helsinki Civic Committee. If the new government considers the unfortunate decisions in the Gabčík, Ziar, or Mochovce matters as evidence of its 100-days' successes, it is a telling example of its value orientation and also of what we can expect of it in the future. At the same time, I think it explains better than our arguments the reasons for the profound unease and disappointment at the repeatedly missed opportunities to begin extricating ourselves from the blind alley into which we were led by the incompetent, ideologized pseudoeconomy of the past decades. The great constructions of socialism, or more precisely, Stalinism, are getting the green light one after the other, their proponents are establishing their positions as the closest collaborators of the government, it is no chance that the antiecology Slusovice group finds a receptive sanctuary precisely in Bratislava, the unthreatened Hydrostav is strengthening its monopolistic position everywhere where they need lucrative orders in the huge construction companies.... Contests, if possible with international participation, which are the only thing that could guarantee the breakup of the monopolies, healthy competition, price reductions, and improved quality of large investment projects, are not even mentioned. We have one proven company for everything, the director of that company is de facto the most powerful man in this republic, and the world must bend the way this company decides. The mysterious antimonopoly office pretends that everything is in order, and our situation really

differs from the Soviet NEP of the twenties only by the fact that we do not have Ilf, Petrov, or Zoscenko, who managed to look the NEP gentlemen or comrades straight in the eye and graphically depicted their behavior.

[Sporer] These statements of yours are nothing new. I am therefore surprised that you still seem to be surprised.

[Huba] You are probably right, in fact I sensed what the heart of the problem is sometime in the middle of December 1989, and my gloomy predictions were confirmed during my study sojourn at the Government Office of the Slovak Republic at the beginning of spring in 1990. But my never-ending amazement is not caused by what the brothers Carnogursky or Ministers Chren, Oberhauser, or Belcak are doing, but by how people like Martin Porubjak, Pavol Demes, Petr Tatar, or Juro Flamik can put up with it. I have such an unfortunate nature and I keep believing that any change can be a change for the better, that this latent positive characteristic is inherent in any change. That is one of the reasons why I could not evaluate other than positively the fact that in March and April the Presidium of the Slovak National Council at last began to fulfill its controlling function over the government, particularly since I belong to those who for 10 months have been systematically demanding that the parliament and its presidium take a controlling and critical position on the government. The uncovering of shortcomings, some of their causes, as well as the openly stated demand for changes, presented an opportunity for applying new knowledge of how to correct wrong trends and methods, for a certain sobering up, restraint, and for getting closer to the citizens again, for admitting the inefficiency of the approach where respect for life, culture, and fellow man is absent, and where, on the contrary, lust for power, partisanship, departmental preferences, looking out for number one, and short-term interests predominate....

[Sporer] Saintly naivete? (I know, everybody is a Monday morning quarterback....)

[Huba] But if that short period of critical attitude and very high requirements placed by the Presidium of the Slovak National Council on the government and the development of society represented a goal of truly fundamental and systematic nature, which I wanted to—I admit that perhaps naively—believe, it would have been one of the first and perhaps also the last opportunities during this electoral period for fair play with generally accepted, perspicuous rules, where there would not be an absence of open dialogue with the public about every substantial plan, every important investment, expertise would not again be only an excuse for justifying dubious political decisions, where anyone willing to help would be welcome. In other words—an opportunity would present itself for a certain repentance by the powers that be for the post-November mistakes and sins, and for renewing the interrupted dialogue between the governing powers and the citizens. For the substitution of the again

emerging cabinet politics by the realization of the goal of a participating society, for which November 1989 obviously called.

But all this, of course, cannot be done in a situation where those very same people who three or four months ago screamed at the government, which had a certain program and working methods, "Crucify them!" and now shout "Hosannah!" at the government with a similar philosophy, only because "their" people are better positioned in it.

But so I would not be misunderstood. I do not consider myself an a priori opposition politician, and I do not at all say what I say in order to support the opposition at the cost of the coalition or, God forbid, to express regret for pre-November conditions. I merely want to point out the lack of future prospects of efforts based on pharisaism and self-delusion, which applies to all of us regardless of party affiliation. Of course, it applies twofold to those who are at the moment in power.

[Sporer] And what is your position on the issue of criticism of the powers that be today?

[Huba] It is certainly different from before November. Not only because today it is possible to participate, paradoxically, but nevertheless undeniably, in that power, but mainly because the dilemma whether to criticize or not criticize rests on an entirely different level. Instead of the former—to criticize is unequivocally honest, but at the same time carries a considerable risk, while to remain silent and subservient is advantageous, or at least safe, I see today's dilemma as: "What if by criticizing I help those who are even worse than the current ones to gain power?" That is precisely the worry, that tomorrow there could be and may indeed be even worse ones here, who will force many honorable people to be silent, to not express themselves openly, or to assist a relatively lesser evil in the hope that they will prevent a greater evil. For me it is much more complicated. The postrevolutionary power in Slovakia had its origin to a decisive degree, as is well known, in the society of Bratislava conservationists and their sympathizers, while I had the honor to be something like the founder (or at a minimum, a cofounder) of this society. When the people who first gained the confidence of the public as members of the conservationist movement conduct themselves in fundamental contradiction to all the ideals of this movement, which are practically identical with the ideals of the velvet revolution, then I could not consider a silence on my part or lack of criticism as anything but a giving up of my ideals, to be more precise, ideals without which it would be difficult for me to live. Therefore, paradoxically, while even just one of the original members of the conservationist movement is in power, I shall publicly point out to him any acts which are contradictory to the ideals of which he used to be a protagonist and thanks to which he gained power. When in power will be only technocrats, lobbyists, and members of the mafias, only then will my opposition be comparable with the prerevolutionary one, which was

mostly unproblematic and safe. The problem is that I am not so shortsighted a masochist as to desire such a development, and therefore I make the effort to awaken to life again sensible ideals and their proponents or friends whom I do not wish to disappoint, if only because I probably could not find better ones around here. The problem is, that few people make an effort to understand such an unschematic attitude, which is not surprising, given the fact that we are imbued with that Stalinist "who is not with us is against us." Few people are able to understand that someone does not pay lip service (therefore seemingly not with us) mainly in order not to do us harm (therefore not being really against us).

[Sporer] Someone said that relationship to nature is a marvelous barometer of the state of public affairs. In light of this, how do you judge the parliament's decisions and the reality?

[Huba] The somewhat abstract nature of the parliament's decisions—that is, words, words, words—affect me less directly and convincingly than my concrete experiences in the field: the currently occurring massacre of the most precious part of the national park Slovak Paradise by heavy forest equipment, the destruction of beautiful memorable objects in Banska Bystrica or Levoca, the government-blessed transformation of the Demanov valley into a chaotic clearing and construction site, the building of illegal cottages in the loveliest valleys of the national park Low Tatras, Gypsy babies playing with toxic waste in Rudnany, which did not bother anyone for a long time, the continuing destruction of the countryside along the Danube and use of force against those who protest it, the new illegal and unregulated waste dumps, the permission to build new high rises at the boundaries of the Slovak Paradise or Tatra National Parks using panel construction and old technology, the newly constructed Hotel Dunaj in Bratislava, built after the revolution and in spite of our public protests, the radioactive leaks from the broken-down nuclear power plant A 1 in Jaslovske Bohunice and the effort to hush them up, the shrugging of shoulders by those responsible at time bomb which is the chemical factory in the center of the Zilina residential zone, the chronic lack of solutions for the growing piles of dangerous leach—potentially a valuable secondary raw material in Sered or Ziar nad Hronom, the unwillingness to stop the industrial devastation of the rare Drevenik, the ever more shabby and dirty Bratislava, the thousands of tons of extremely dangerous PCB's spread around the area of Chemka Strazskeho and mostly uncontrolled beyond its limits, the outdated large-scale breeding of pigs, numbering in the thousands, which daily disgorges refuse into streams and endanger the health of the people in the East Slovakian lowlands, the absence of consistent effort to repair purification equipment for waste water that does not work or is overloaded, the dying forests in the most beautiful corners of Slovakia, the cars driven wherever people want, the extremely wide strip cut through forests for high voltage across the Low Tatras in the area of the

Bratislava Forest Park, the speculations with construction in the Tatras or the reconstruction and appropriation of hotels in Piešťany and elsewhere, the mammoth transfer area for cars on the borders of the Tatra National Park—originally understood as franchises for small privatization, the contest between the state and private owners of forests to see who will exceed the other in cutting them down, the use of chemicals in protected water management areas, but also the piratical collecting of snails for commercial purposes on the territories of entire districts, Domica repeatedly flooded with agricultural soil, the spring burning of meadows and pastures all over Slovakia that goes unpunished, the cruel treatment of trees or any kind of greenery in our towns, the inappropriate vending booths, and booths all over, practically in front of altars in churches, "help for the West"—indiscriminate use of billboards everywhere....

Yes, all these are separate problems, which allegedly do not have the character of a system and therefore cannot be used for an adequately documented characterization of the system or to criticize the inefficiency of the changes for system reform. I cannot help myself, but for me these and other specific experiences are a much more obvious fact than all the pretty speeches in newspapers, parliaments, or gatherings. To persuade ourselves how successfully our reform is proceeding, because we made a record number of new laws, and not to see that people are hardly paying any attention to them, does not seem to me to be too prudent. And something else. When we want to publicize in our mass media some shocking and truthful documents, for example, about the aftermath of Chernobyl, we are out of luck, because the guardians of the false idyll decide that it is not fit for the eyes of our sensitive viewer. On the other hand, those who hushed up information about Chernobyl and thus put the health of our children at risk (and not just put it at risk, but really damaged it), are today still drawing their large salaries and spreading their demagoguery about the advantages of nuclear power. To take steps against them, for that we are too sensitive, to take steps against peaceful demonstrators who on the territory of their own community are expressing disagreement with the destruction of nature in their area, for that we are not too sensitive, same as it does not trouble us too much when somebody physically attacks our president or breaks down the gates of the building in which the democratically elected parliament is sitting.

[Sporer] Is your attitude toward the present government therefore irrevocably hypercritical, of the forever and ever kind... life or death?

[Huba] I already answered this question, in fact. I was among the first who spontaneously joined the civic movement Public Against Violence, and to this day I consider myself a convinced and active member of this civic (not political) movement, which I did not leave, nor has anybody expelled me from it.

In the parliament I also speak not as an a priori opposition but as an independent deputy. I do not keep my

criticism of the government secret, but I try to criticize what I do not like and what is according to my professional knowledge and inner conviction objectively damaging. If I criticize the coalition, I do not do so with the intent to benefit the opposition, but in the hope that it will benefit us all, therefore also the followers of the coalition. A number of times I distanced myself from the attempts of the opposition to gain some political capital from my activities.

If I criticize people from Public Against Violence, or appeal to them, then it is as one to his own. And that is,

I think, a basic condition. Since December 1989 a number of my close co-workers, acquaintances, and friends, to whom I never bore any ill will, took their turn in the Slovak government. I would therefore be glad if my critical attitude, which I cannot give up, would not be taken personally, but to the point. I do not feel biased against any member of the Slovak government and I am willing to sincerely thank anyone who does anything sensible for the environment, economy or for guaranteeing human rights. On the other hand, I cannot afford to have anyone counting on too great a measure of my tolerance. On that point I am sensitive.

Elek on 'Conservative Liberal' Direction of MDF
91CH0908A Budapest KRITIKA in Hungarian
August 91 pp 8-10

[Interview with Istvan Elek, founding member of the Hungarian Democratic Forum and National Assembly representative, by Laszlo J. Gyori; place and date not given: "On Politics, in Clear Terms"]

[Excerpt] [passage omitted]

[Gyori] At present, in 1991, while we are talking, your party is the subject of great debate. The discussion centers around the spirit it represents and the kinds of trends that coexist or confront each other inside the party. How do you view your party?

[Elek] The trends within the MDF [Hungarian Democratic Forum] are greatly misunderstood. There are no trends in the MDF, no political trends which could be clearly delineated. Some intellectual tendencies, some beginning trends, or some people who are more strongly linked to certain intellectual traditions might be emerging. These, however, represent past trends, the talk about Christian democratic, national-liberal, and populist-national tradition clusters. Most MDF members claim to represent all three trends, however. And this is true because a mere reference to tradition does not make a substantive difference in today's situation. One may speak of political trends if politicians within a party consistently provide divergent responses when confronted with substantial practical issues. In this sense one can only talk about seedlings of trends in today's political life. But only about two, not three. Two, which struggle with each other trying to acquire a clearer shape. We witness an outlook we might call liberal and another that is called "populist" by its outside critics. Those of this outlook do not like this adjective. I, too, prefer to talk about them in terms of a distorted plebeian radicalism. No clear differences have been established in terms of either a political or an economic program. Some substantial differences can be sensed in relations with the opposition and the press of course, and generally in terms of political culture. Insofar as I am concerned, in recent months I have repeatedly stated in writing that in my view the MDF must be a modern, conservative liberal party if it is to faithfully represent its own, original program. A party which is unquestionably liberal insofar as its political and economic programs are concerned, but this must be linked to a conservative outlook on values. The latter would manifest itself in mentality and style above all—for example, by being more tolerant than others in representing the principles of liberal democracy. These principles would not be used as a whip to periodically slash across the face of at least half of society.

[Gyori] I would like to return to the point where you said that they called you to indicate that you were expected to be present in Lakitelek [meeting of dissidents and others

in 1987 where the MDF was formed]. What did you think about at that time, what expectations did you have?

[Elek] I was already present in Monor [meeting of dissidents] in 1985. There we felt that it was wonderful to meet, that it was good for a few groups of the Hungarian intelligentsia to meet—groups which would not have sat down at the same table earlier. But these kinds of negotiations would have made sense only if the individual defined themselves more accurately. Such definitions would have enabled us to recognize the elements which must reach some kind of compromise to enable the intelligentsia to act on the basis of a uniform anti-Kadar strategy. In the pursuing years I always expected that the group to which I was more closely linked would establish an opportunity to internally define itself in terms of more clear political concepts. Here we were dealing with intellectuals most of whom were writers, therefore our "program" was expressed in metaphors which I, as a political scientist, regarded as insufficient. I wanted to streamline the whole thing and to rewrite it in political terms. This is what I expected would happen at Lakitelek. For this reason I was also surprised by the composition of the group that gathered, but I was surprised for a different reason than, let's say, Laszlo Lengyel. He was disturbed by the fact that representatives of the democratic opposition were not invited. I, on the other hand, could not understand why Imre Pozsgay's group was present. I felt that we did not belong to a political trend, and although we could sit down with them at the same table, we should do so only after we clarified for ourselves what we wanted to accomplish. Incidentally, Gyorgy Konrad understood this matter and did not feel the same way as Laszlo Lengyel. Some great misunderstandings exist in regard to Lakitelek, and these stem from the fact that everyone had certain expectations.

[Gyori] Were you disappointed by what took place at Lakitelek?

[Elek] I was not prepared to attend a gathering like the one at Monor. I expected to attend a meeting in which we defined ourselves. This, of course, could have been followed by another meeting like the one at Monor, but such meeting could not have served as a substitute for the meeting I expected to take place at Lakitelek. I was not disappointed by the meeting at Lakitelek; I was impressed when I saw the mass of intellectuals who appeared. It would have been inconceivable earlier to find these people in places where I was present. Many at Lakitelek were more or less integrated with the previous system and had not manifested clear signs in regard to whether they wanted to sever their previous commitments and compromises. It became clear that broad strata within the intelligentsia sought new roles for themselves in politics, that they wanted to change their relationship with those in power. I always appreciated but had reservations about the efforts of the democratic opposition, because I did not recognize this relatively narrow group of intellectuals as suitable to stand up

against the Kadar regime, to create an impact that would prompt a turnaround. I was pleased with Lakitelek because it appeared that it would produce new, truly effective tactics. This also served as a motivation for my subsequent personal decision to pursue politics within the MDF. Although I enjoyed good relations with the founders of the MDF, the choice of organization in which to pursue politics amounted to a personal decision.

[Gyori] Did it occur to you to join some other organization?

[Elek] In the spring of 1988, when the Network and FIDESZ [Association of Young Democrats] emerged, I considered joining these in order to strengthen our ties. In those days no individual membership in the MDF was possible. But I did not join in the end. This decision had been based not so much on political considerations but on the fact that along with my activities on behalf of the MDF I would not have time to take part in their meetings. And with respect to my staying with the MDF the MDF's intellectual strategy which encouraged me to believe that we could step out of the narrow groups of intellectuals and set in motion broader strata served as the decisive element. This, in addition to fidelity, that characteristically conservative feature of mine, of course.

[Gyori] Do you have in mind the intelligentsia in the countryside?

[Elek] Yes, in part I had them in mind, the ones who previously did not frequent university extension courses, who did not take part in signature drives, but these included not only members of the intelligentsia from the countryside, but also from Budapest, and this group of people comprised far more than the intelligentsia.

[Gyori] You stepped into the limelight last spring with a letter addressed to Istvan Csurka. In it you expressed opposition to the exclusive nation concept. The MDF has been the ruling party for almost a year before you wrote that letter, and that was preceded by a repugnant election campaign which we still recall. What you objected to could not have been an unknown phenomenon because the populist wing of your party has already excluded people and perceived a nation earlier. What specifically triggered your reaction? You could have written that letter a year earlier, doing so might not have harmed the MDF, because we, who do not see things from the inside are inclined to identify the MDF with the vocal Csurka types and not with the rest which is quiet.

[Elek] In watching the events from the outside you might draw a conclusion like the one you just mentioned, but if you view things as a politician from the inside you recognize certain shades of difference and move more cautiously. This does not always help the cause you represent, of course. Unfortunately, it did not help in this case either. I stood up and spoke out when I did because Istvan Csurka's article to which I reacted spelled out the exclusive nation concept so firmly and in such

condensed form as in no other previous article written by him. You could say of course that the previous articles have also been sufficiently exclusionary, except that compared to this article the previous ones were written in metaphors. This article described in conceptually clear terms what he represented. And even at this time all I did was to ask him to spell out even more clearly what he had in mind. He should decide at last what he wanted to say, what he was truly willing to represent. On the other hand, I, or we, felt for a long time that there would be an occasion to convince him and others of a similar mind to convince them in the framework of internal debate about the incorrectness of their idea. For they could not be serious about this matter within the MDF! We felt that things would fall in place after some clarifying dialogue, without having to struggle in public. The fact that this belief of ours did not materialize led me to go public with the issue. After all, he has been propounding his ideas in public, while for a long time I did not.

[Gyori] This matter reminds me of the days when MSZMP [Hungarian Socialist Workers Party] members were bound by party discipline, and based on party discipline members did not express their views if those were inconsistent with those held by the party. I had the same feeling when, in the aftermath of the taxi blockade, Janos Palotas's [MDF representative, entrepreneur, chairman of the National Association of Entrepreneurs] own parliamentary faction got very angry at him, or at the time when some statements made by Krasznai and Endre Kiss evoked rather vehement adverse feelings within the MDF. In other words, how do we stand with party discipline? Is there such a thing at the MDF?

[Elek] Krasznai's earlier political role was disliked by many, his personality irritated many. What a person has to say is important in politics, but how these things are said is far more important. Party discipline does not exist, but there exists voluntary self-restraint. The rather broadly shared view is that we must not air our disputes because that weakens us. Csurka also subscribes to this view.

[Gyori] Have you been reproached after the open letter to Csurka appeared?

[Elek] MAGYAR FORUM had published letters to the editor for weeks, quite obviously all of these supported Csurka, and none sided with me. The letters I receive are more mixed. Letters critical of me suggested that many people felt that I was implementing the ideas of Janos Kis [Alliance of Free Democrats, SZDSZ, chairman] within the MDF, because my letter coincided with the SZDSZ' proclamation of its new strategy. They claimed that while Janos Kis tried to disintegrate the coalition majority from the outside, I was trying to do the same with the MDF as a result of liberal critique from the inside. It would have been all right if this had been done by people who did not know me, and who were politically uneducated. But this was not the case, Csurka was first to say so in the article he meant to serve as a

response.... Incidentally, to this date I am unable to comprehend his intellectual transformation, as an intellectual phenomenon it remains a puzzle to be resolved. I abstain from making qualifying statements, and for this reason I would like him to speak more clearly, to dissolve conflicts in his outlook whose existence he apparently does not realize. Some day perhaps we will reach the point where our conflicts appear in the form of political trends. Confronted with repeatedly new daily political conflicts we are forced, and we force each other to speak more clearly, and to describe our political outlook in more stereoscopic terms. After a while we may have to recognize the fact that no common denominator exists, that there is no room for us in the same party. Although the MDF is a collective party, everything does not fit into it, there is indeed, there must be a limit. This process is a natural phenomenon in politics, and this is particularly true in an era of transition like this one. The parties are still in the process of evolving, they are formations which seek their identity. Not enough time has been available to clarify things, the time period that has passed was too short to permit partisan polarization.

[Gyori] Irrespective of how this situation stands, outsiders identify you and your party with Csurka's group, with an ideology that is not close to your heart. How could you bear not to speak out before you did? How were you able to tolerate the fact that every one of Csurka's substandard utterances have been regarded as part of his life's work as a writer, or that at best, they said that whatever we heard amounted to a personal opinion?

[Elek] This was hard to bear; in many instances I, too, felt that our critics had been correct. And I spoke out against this matter only within the MDF; we were not at all silent on this issue, after all. I, as well as others expressed our views on a number of occasions, even if that was done less firmly than in my present article. The real frustration presented itself in having to witness how people judged the MDF on this basis. The sympathizers we lost were in part members of the intelligentsia, and in part young people from the universities and academies. I had to recognize that Csurka's views represented the worst kind of political opportunity available to the MDF. The MDF's profile had become deformed mostly because Csurka and others of a similar mind impressed their mark upon the party's public appearances.

[Gyori] You are a member of the parliamentary faction of the largest ruling party. I am interested in the relationship between the administration and the parliamentary faction. Factions direct administrations in every place in the world, and the administrations implement the policies announced by the parliamentary factions. In Hungary the situation appears to be in the reverse: It seems as if the administration is disposing over the faction which in turn obediently votes as told. I would be somewhat reassured if the situation was different if viewed from the inside. Does the administration seek out the views of the party faction at all?

[Elek] They want to hear our views, but adequate techniques to enforce the faction's influence do not exist, and this has created some internal dissatisfaction in the past. We lack institutional conditions to enable us to appropriately influence decisionmaking as of now. Some objective obstacles also exist: lack of time, the pressure exerted upon legislators, etc.; among the subjective difficulties we find that acting as legislators amounts to a struggle to a majority of representatives, they are consumed by [having to choose between] expectations, or perhaps they do not sense the role a ruling party's faction should play in a parliamentary democracy. They do not have enough strength to fight for conditions needed to play this role. Some fundamental issues have not been decided earlier within the parties, and these should now be resolved in the course of activities, while the legislature supposedly functioned as if everything had been in order.

[Gyori] Not too long ago one of the daily newspapers wrote that you were the man of the future. What do you have to say to this?

[Elek] This is a typical journalistic turnaround. I was always reluctant to play a political role. The situation is the same today.

[Gyori] Have you been offered some significant position?

[Elek] This has been discussed a number of times in the past. Before the last national rally they wanted to nominate me as a member of the national board but I rejected the nomination. Prior to the elections I served as a steering committee manager but I resigned that post because I had no time left in addition to time spent on the campaign.

[Gyori] Time permitting, would you have ambitions to serve in such posts?

[Elek] I do not have any particular ambitions, and I do not want politics to devour my entire life. And aside from that, I have difficulties with performing organizing work. I would much rather perceive myself in some advisory or analytical role. Halfway in, halfway out, still enabling me to see things from close up, to see how things are being done, permitting me to change things, but not as a result of direct organizational involvement, but instead by expressing opinions about things.

'Danger' Seen in Politicizing Presidency

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in Hungarian 3 Sep 91 p 7*

[Article by Jozsef Debreczeni, Hungarian Democratic Forum National Assembly representative: "Toward a Constitutional Crisis?"]

[Text] Regrettably, Hungary's two highest public offices increasingly confront each other. The ever-deepening and increasingly obvious conflict between the president

of the Republic and the prime minister means great trouble because their understanding each other and cooperation serves as the chief condition for resolving our troubles and for recovering from the crisis.

An overwhelming majority of press reports concerning tensions in the relationship between Arpad Goncz and Jozsef Antall presents more or less the above described picture. On top, all this is presented to the public in the profoundly false and substandard context of a struggle between good and evil, depicting the wise and kind president in the repeated crossfire of attacks launched by the petty, jealous, and violent prime minister who aspires for power. It is fortunate that the otherwise peaceful and pious president resists and defends himself (as well as the defenseless who trust him). Writings like those of Mrs. Gyorgy Faludy in MAGYAR NARANCS (11 July) and of Mrs. Zoltan Lovas in MAGYAR HIRLAP (15 July) present the struggle between good and evil at the level of communist folklore uttered for decades about Soviet-American relations. And the hymn entitled "Goncz Ex Machina," also published in MAGYAR HIRLAP (13 July), ranks below Rakosi's odes of the 1950's. On the one hand, I feel that the building blocks needed for the construction of the by all means desirable prestige of the head of state should not be obtained by demolishing the prestige of the head of government; on the other hand I am certain that whatever is written in such tasteless manner will surely collapse by nightfall....

The distorted picture of the relationship between Goncz and Antall is false not because of the projected image of the two lead characters, but primarily because of the foolishness of the untrue light and dark contrast superimposed upon their images. The composition has been distorted from the outset, composition is the factor that does not reflect reality.

Unlike in presidential systems, the constitutional system of the Hungarian Republic does not ordain two highest public offices, it does not have two highest public offices and does not create some kind of dualist power structure. Hungary is a parliamentary republic where legislative powers are vested in the National Assembly by the people's will declared at elections. The government is set up after the elections based on conditions of power that evolved in the National Assembly, and thus the government receives its mandate to exercise executive powers indirectly. The prime minister is the beholder of these powers. (The administration of justice is the function of independent courts, of course.) The president of the Republic is not some kind of a fourth branch of government. He virtually "hovers"—in the political sense of that term—above the tripartite structure. His functions are symbolic: They express national unity above the parties (and institutions having power). Beyond this largely symbolic role of a protocol character the president of the Republic performs real and specific political functions only in extraordinary situations, in times of severe crises (and based on appropriate legal authority, of course), but even then the contents of his functions are

to be performed within the above indicated, expressly symbolic role—to advance unity, consensus and acquiescence, and to preserve and establish constitutional order. In order to preserve his prestige intact, "in times of peace" he must avoid creating even the appearance of taking political positions; taking such positions would unavoidably confront various participants in the political process. And if the president of the Republic acquires political opponents, if his prestige diminishes, he is no longer able to perform his assigned role. Thus his status could not be that of power, his position could not involve decisionmaking authority.

It could not be a position like that for yet another reason: No unchecked power exists in a democracy. This is so because a (direct or indirect) mandate from the people does not suffice to acquire legitimacy. Conditions must be established for the control, and if necessary, for the recall of a person vested with authority (power). But pursuant to the Hungarian Constitution the president of the Republic cannot be held to account. He is not required to report to the parliament about his activities (as the cabinet does), he is not subject to interpellation (like the prime minister is), and no motion of no confidence may be tendered against him (as this is possible vis-a-vis the head of government). The president of the Republic may be recalled only if an official investigation determines on the basis of facts that he stood in violation of laws. Accordingly, the possible deprivation of the president from his post is not a political act, but an act under criminal law, one could say. The uncontrolled nature of his activities—as that term is understood in a political sense—is the most significant indication of his lack of power.

Even the authority to appoint and to consummate agreements amounts to no more than a function without authority (and responsibility) to weigh merits and to make decisions. In Hungarian legal practice the assertive mode, "he appoints," has mandatory force in every instance—it means "he shall appoint." To upset this legal practice, to make the latter text part of the law when codifying the activities of the president would not be appropriate because it would not only infringe upon the (as we have seen earlier: desirable) prestige of the head of state, but would also infringe upon the prestige of the appointee (whose prestige the president, who appoints him, is supposed to augment).

In addition to this being an accepted legal practice in parliamentary republics, there is of course yet another important safeguard by which conflicts disturbing constitutional functioning may be eliminated. The head of state is elected by parliament. The conditions of power in parliament (which are also reflected in the government) thus naturally define the person of the president. Accordingly, a situation cannot occur in which a person opposed to the head of government is the president, thereby introducing constant tension and source of disturbance in the functioning of the public authority.

It is visible by now that the agreement reached between the two large parties after the elections, the agreement which established the constitutional conditions for the governability of the country, may cause a constitutional crisis in the long term.

This is so because an opposition party politician turned president of the Republic is a "foreign body" in the organism of Hungarian public power, or to use another medical metaphor: a sprain or a strain in Hungarian constitutionality. After all, belonging to the same party—the chief political safeguard relative to the powerless adaptation or fitting of the role of the head of state to functioning under public law—was supposed to be substituted only by the presumed moderation and sense of responsibility of the chosen person. But wherever power exists, guarantees tied to persons always remain highly questionable. (This is why institutional guarantees are indispensable.)

The first disturbing sign was the role played by Arpad Goncz during the taxi blockade, when in his endeavor to resolve the crisis situation—a matter that in and of itself was not only appropriate but also desirable—he deviated from his course of nonpartisanship and neutrality. (To mention only the most obvious flaw: In his presidential statement he tried to encourage an agreement by practically calling upon the cabinet to accept the demands of the other party.)

At the Visegrad meeting his endeavors, reinforced with a virtual press campaign, also suggested that the president was not satisfied with the role assigned to him by the Hungarian Constitution. (The activities of Walesa and Havel under the entirely different Polish and Czechoslovak public law systems, which also include presidential elements, were appropriately suited to create the false semblance.)

Conflicts surrounding the Army, and most recently the rejection of the vice presidents of the radio and television unmistakably demonstrate by now that Arpad Goncz regards the function assigned to him as an authority to weigh and to decide, i.e. as power.

The problem which appears to be unresolvable through political processes is going to be considered by the Constitutional Court.

The stakes and the responsibilities are huge. A possible decision reinforcing the authority of the head of state would create a stalemate in government and would establish a virtual dual power. Such decision would serve as a precedent in the wake of which a new power center would evolve. Constant jurisdictional clashes between the head of state and the head of government, the mutually extinguishing short circuit caused by the duality of political will would result in a paralysis of executive power. It would be impossible to govern the country.

And what amounts to the greatest danger: The position of the head of state would embody uncontrollable, i.e. undemocratic, power under the prevailing constitutional structure.

Miklos Szabo, an Alliance of Free Democrats theoretician, developed an ideology for the establishment of presidential power in KRÍTIKA (No. 7, 1991). The essence of Szabo's theory is that in his view the increasingly forceful governmental concentration of power could be offset by strengthening the status of the president, as he put it: in order to rescue democracy.

Could this be done by establishing and increasing uncontrollable and irrevocable power to the detriment of the controllable and revocable power?

Everyone should recognize that in the conflict surrounding the position of the president of the Republic the price to be paid for personal and partisan political ambitions would be a constitutional crisis and a threatened Hungarian democracy.

MDF Faction Chief Konya's Controversial Text

*91CH0924A Budapest MAGYAR HIRLAP
in Hungarian 9 Sep 91 p 6*

[("Text" of Imre Konya's study: "The Truth and Nothing but the Pure Truth"—first paragraph is MAGYAR HIRLAP introduction]

[Text] We present to our readers Hungarian Democratic Forum [MDF] faction chief Imre Konya's written presentation, which has been distributed to members of the largest ruling party National Assembly faction on 24 August. The publication of excerpts from this writing by this newspaper and NEPSZAVA created a political storm in Hungary. In several statements thereafter Imre Konya claimed that his writing amounted to a mere "study" and that arbitrarily chosen and edited segments distorted his originally intended meaning. At this time we publish the full, unedited text and let our readers decide whether Konya's claim is true. We printed in italics the sentences that also appeared earlier as part of the edited text.

Budapest, 24 Aug—Having completed a year's work and before starting a second year it would be appropriate to take account of things we managed and did not manage to achieve.

As members of the MDF and as National Assembly representatives we committed ourselves to perform a no smaller task than to take part in accomplishing a system change. And thanks to the election results we agreed to do so from a ruling position, and at that, from a decisive position among the ruling parties. We were charged with directing the system change.

We have to create a democracy out of a dictatorship, we must change from a single party system to a multiparty

system, from the autocratic rule exercised by the communist party to a constitutional state, from a single party dictatorship to parliamentary democracy, from a planned economy based on social property, so called, to a social market economy based on private property. The system change would be complete only if all these things became a reality. Accordingly, how much of this has come about to date?

I.

A multiparty system replaced the political system based on a single party. The MDF played an eminent role in this process.

The MDF represented the first nationwide organizing effort to stand up against those in power, and which held out the promise of an alternative party. For this reason the establishment of the MDF may be perceived as the beginning of a multiparty development in the Hungarian political structure.

This is the main explanation why the MDF, among the organizations established outside the power structure, exerted the greatest influence by far as of the spring of 1989 when the establishment of conditions for a multiparty system and for free elections became real issues to be dealt with.

The strength and legitimacy of the MDF alone would not have sufficed to force those who held power to announce and to develop decent conditions for free elections. To accomplish this it was necessary to achieve cooperation between every substantial force in the political opposition, and this materialized in the form of the Opposition Roundtable.

I believe that the past two years provide a good enough perspective for us to claim that establishment of the Opposition Roundtable—an organizing effort unique in this region—served as the prime contributing factor in accomplishing that *the Hungarian multiparty, democratic political structure became by far the most developed structure among the political structures developed in former socialist countries*. By uniting the various forces, the Opposition Roundtable ensured the establishment of conditions for free elections, meanwhile, however, it did not hinder the independent development of participating parties, thus enabling the various political parties to offer alternative choices to citizens.

Following the MDF election victory a rather strong pressure has been exerted on the MDF leadership from within Hungary as well as from abroad, encouraging the MDF to form a grand coalition with the SZDSZ [Alliance of Free Democrats], the largest opposition party, and to jointly tackle the particularly grave difficulties that arose in the initial period. The MDF leadership resisted this pressure and as a result of our firmness, parties which espoused closely related political philosophies formed a coalition. This had a favorable impact on the further development of the multiparty structure.

Accordingly, we may claim that the MDF had played a key role in the evolution and solidifying of a multiparty, democratic political system. It did so in part by catalyzing the process and in part by joining the Opposition Roundtable, instead of attempting to independently take advantage of the situation that evolved and of increasing the MDF's already existing advantage. Third, after winning the elections the MDF played a key role by resisting the lure of forming a grand coalition and by establishing instead a coalition with parties professing similar political philosophies.

The fact that the biggest mistake made by the MDF thus far—boycotting the 25 November 1989 popular referendum, a mistake that almost ended in catastrophe insofar as the MDF was concerned—also exerted beneficial effects on the development of a multiparty democracy is a peculiar contradiction. Only in combination with the MDF boycott did the popular referendum enable the SZDSZ and FIDESZ [Association of Young Democrats] to become real election alternatives to the MDF, and after the election it prevented a single party—the MDF—from playing a hegemonic role in the new Hungarian democracy. Although we sense the disadvantages of this situation day after day, one can hardly question the beneficial effects exerted by this MDF action upon the multiparty structure.

In summary we could say that transition from a single party system to a multiparty system occurred in Hungary during the past two years. As compared to other former socialist countries, our multiparty structure is eminently the most stable and most matured.

At the same time we must not be silent about the fact that *the respect in which society holds the various parties, including the MDF, is incredibly low*, the misconceived merit of "being independent," so called, has spread further. We must find the causes which cannot be explained by circumstances outside of our control.

The other damaging phenomenon is the fact that *internal cohesion, the factor that holds parties together, is on the decline*. We know that this has some natural causes: the change from being in the opposition to becoming the ruling party; personal losses resulting from serving in government positions; the failed realization of advance revolutionary illusions; the delay in, and inconsistency of doing justice; and above all the peculiar paradox that presented itself: *MDF members, the victors in the bloodless revolution, are not among the beneficiaries of changes. We must make an effort to find a way that helps us through this critical period.*

As National Assembly representatives we must provide more information to the local MDF membership to enable them to convey such information to people around them. Of special significance is the implementation of the Compensation Law in the course of which *MDF members may regain much of the valued situation in which they found themselves prior to the elections [as published]*.

Gaining the respect of people would be important to National Assembly representatives in this faction in order to alleviate the special burden faced by local MDF organizations by having to deal with the unpopularity of parliamentary representatives. The MDF membership has difficulty in tolerating internal debates which may seem natural to us, but which are often viewed by outsiders as self-serving individualism, and even as internal power struggles. We must know what our work is all about; indeed, the MDF—and since the MDF is the largest party seated in parliament, the National Assembly as a whole—is judged by outward appearances and statements. Let us have confidence in each other—within the parliamentary faction, within the MDF, toward the administration and in the reverse; *everyone should mind his own job* and try to perform his job the best he can.

II.

The second element in the system change is our success in establishing constitutional order and replacing the autocracy of a single party.

There was no functioning constitutional order in Hungary during the past four decades. Although we had a constitution, the rights granted by that constitution did not prevail, communist party organs rather than institutions specified by the constitution directed society and exercised exclusive power.

Restoration of constitutionality began on 13 June 1989 with the trilateral talks, so called. At these talks we managed to reach an agreement regarding conditions governing free elections and we also amended the constitution in significant respects. The next station stop after the elections and prior to forming a cabinet was an agreement reached between the MDF and the SZDSZ and the constitutional amending process that followed. There thus came about a state institutional system the essence of which was a strong parliament, an administration of medium strength and a weak president of the republic, a system resembling the constitutional order of Germany and in Spain. This choice came about by no coincidence, because in both Germany and Spain a constitutional institutional system had to be established in the aftermath of dictatorships, and the record of these two countries proved that this kind of system was well suited to stabilize democracy. These systems provided advantages, they ruled out the possible rise of personal rule of any kind, *the prime ministers* elected by the respective parliaments *became the first men in these countries*, subject to recall at any time by the vote of a parliamentary majority. The president of the Republic is also elected by parliament. He, too, can be held to account only for violating laws, on the other hand the president has no substantive involvement in the management of the country. None the less, the role played by the president is important because he must represent the nation as a whole, by transcending partisanship he must serve the interests of unity.

Beyond establishing a constitutional system for the state, the other great task was the development of a democratic system of autonomous governmental bodies. This task has also been performed by the freely elected parliament. The fact is that autonomous governing bodies in democratic countries came about as a result of natural evolution while we had to establish a system of autonomous governments out of nothing by way of legislation, replacing the Soviet type council system established by the dictatorship.

The initial inability of our autonomous local governments to play the same role as that of autonomous local governmental bodies in developed countries—insofar as democratic public life and the regulation of the actions of citizens within the community are concerned—is a consequence of the above-described situation. The election of former leaders in many places introduced additional conflicts to the autonomous governing system. This made it more difficult for people to find tangible evidence of a system change. Despite all this, however, we may claim that the development of a system for autonomous local governmental bodies represents a necessary and important step in the course of the system change.

No power exists in Hungary by now which in the final analysis does not depend on the citizens' declared will, on free elections. This can be regarded as a true system change! While for four decades the uncontrollable, unchangeable and extra-legal power of self-nominated party functionaries prevailed, today's society is directed by elected bodies pursuant to law. While previously decisions have been made by party functionaries and party forums accountable only to themselves, today's decisionmakers account to parliament, and in the final to voters. In plain terms: We replaced party autocracy in Hungary with constitutional order—with the best, proven form of constitutional order, parliamentary democracy and free autonomous governmental bodies at that.

III.

Changed property conditions represent the third important field of the system change. The communist dictatorship took away property from citizens. It completely discontinued the private ownership of productive means and established significant limitations in other respects.

State and cooperative property should be returned to private ownership because an economy based on so-called public ownership proved to be incapable of functioning. But a functional economy is not the sole reason for a change in ownership. Such change is also required to ensure the freedom and independence of citizens because private ownership also constitutes collateral for the democratic system. Communist dictatorships have lasted longer than right-wing dictatorships because communists took away the citizens' property and thus rendered citizens subordinate to the state. We must return to the people their property as long as we also are intent

on making democracy stable, because no autocratic rule has ever been able to subjugate private owners of property in the long term.

The social market economy we envision can be realized only if a majority of the productive means is privately owned. Two theoretical answers may be given to the question of just how this could come about. One is reprivatization. Under this system the state would return to rightful owners their illegally expropriated property in kind, and if this could not be accomplished, the state would fully indemnify such owners. The other solution would provide for the transfer of public property to private ownership, to those able to purchase such property, irrespective of who the rightful owner of the given property was. The MDF adopted the latter point of view with respect to this fundamental issue. It did so in due regard to the country's situation, while not disputing the theoretical validity of reprivatization.

The problem of doing justice—the issue of indemnification which unavoidably arises upon rejecting the idea of reprivatization—flows from the above situation. The opposition parties adopted various positions according to which the state would not provide compensation for the illegal expropriation of property, while the coalition claimed that the book of the past could not be closed unless some compensation was provided to persons from whom property had been illegally taken away.

This decision involves an issue no smaller than having to make a choice as to who the new Hungarian private owners should be. Consistent with the principles of a peaceful system change, a legitimate revolution and an agreed upon transformation, we agreed that property acquired in various clever, nevertheless legitimate ways based on claims for certain parts of state property—including for purposes of salvaging power—could be utilized the same way as fortunes acquired not only in a legitimate way, but also in a manner that could not be objectionable from either a moral or a political standpoint. At the same time we aimed for a situation in which persons aggrieved during the past decades by the illegal expropriation of property could also acquire their share of state and cooperative property. We had to provide for a situation in which these people obtained their share of public property free of charge, even though that share would compensate only for a fraction of the wrongs suffered. Regarding those whose arable land had been taken away—these constitute an overwhelming majority of persons who suffered damages—could, in general, receive full indemnification, because at auctions they would receive land of the same value and size as the land that had been taken away. In framing the Compensation Law we duly observed the need to do justice while transforming state property into private property. This was the first step on the path of formulating a broad propertied middle class which guaranteed a stable, democratic society. We want to see those who suffered wrong as a result of the illegal expropriation of their property in the ranks of this middle class.

The law on cooperatives will be the next important step in developing the private ownership system. It will establish new kinds of cooperatives based on private ownership, and will enable peasants working in producer cooperatives to become land owners.

Privatization, which has progressed well thus far, must be accelerated in the future, but in doing so preference should be given to solutions which prevent the sale of public property under market value. The employee shareholder program must be implemented urgently in order to create owners out of enterprise employees.

IV.

Controlled and directed openness was an organic part of dictatorships. In contrast, freedom of the press—a fundamental human right—is of the essence in a democracy. Openness plays a huge role in controlling democratic institutions and in guaranteeing their proper functioning. Undoubtedly, *an unlimited freedom of the press prevails in Hungary; this is an important element of democracy and thus also of the system change.*

At the same time it is equally true that the liberated press and the public service media are ruled by representatives of the "profession" discredited by the old system and hostile to the coalition. For this reason, while the function of controlling governmental power prevails to a maximum extent, mass communication media fail to fulfill their other important function: to inform the public in an objective manner.

The MDF should be blamed in this regard for its failure to act. An entire year had to pass before a daily newspaper close to the government came about. Since the allegiance of journalists may be perceived as a given, verbal opposition—based on otherwise justifiable outrage—manifested by the MDF vis-a-vis the press did more harm than good. I do not share the views of those who blamed primarily the MDF press policies for the situation that evolved, but all this undoubtedly deepened the conflicts between the MDF and journalists, conflicts which existed from the outset. The fundamental reason for this situation is that a majority of the leading journalists had sympathized from the outset with the political opponents of the MDF, therefore regarded the free elections as a defeat, thereafter hoped for the failure of the coalition and through their activities, they themselves tried to bring about such failure. Tactful treatment, making friends or openness could hardly have done any good in this situation. A change could occur only if journalist rooting against the coalition recognized that in this election cycle shattering the position of the ruling coalition was a hopeless endeavor, and if journalists also realized that they were dependent on us insofar as obtaining information was concerned. To accomplish this it would be necessary to provide information to those who indeed convey such information in an objective fashion.

Another segment of journalists was uncommitted at the outset in regard to the MDF. In their case a more guarded

press policy that has been thought through more thoroughly could have had significance. Many of these journalists rose against us guided by opposition passions they were forced to suppress earlier, while others were unable to resist the intellectual terror of those who set the trend.

I believe that the main reason for the antigovernment attitude of the press is the lack of civil courage. Since standing up against the party and the government required courage in the past, today standing up in support of the MDF and the government requires courage. All foundations for governmental dictatorship have disappeared, but these were replaced by the dictatorship of the "profession," which is at least as merciless as the APO [expansion not given] of olden days. Anyone expressing a view opposed to that held by the profession had better look out for himself. Previously reputable journalists could turn into amateurs if their views conflicted with the views of those who set the trend.

We must pursue a more guarded press policy in the future: The previous era has provided enough experience as to whom we should help by providing information and which newspapers we must not deal with.

Incomparably more important than the printed press are the radio and, in particular, the television. While with respect to the printed press our flexibility has been strongly limited from the outset, in theory our governing position provides huge opportunities in the direction of radio and television, in defining their profile and in their total transformation. On the other hand, the fully empowered presidents of television and radio appointed on the basis of an agreement between the two parties [as published] ruled out the practical possibility of implementing the needed change in the public service media. Belatedly we might ask ourselves (although this would not make much sense) whether this could have been done differently.

The essence of government policies included the requirement to initially avoid confrontation in order to create a favorable image of the country abroad. The largest opposition party and its allies would have taken advantage of their Western press connections and would have used endeavors to transform the Radio and Television to question the liberal and democratic commitments of the MDF and the new government. I am convinced, however, that at this point, when the image that evolved about the country has become clear to the world—at a time when no one doubts the MDF's and the government's commitment to liberalism, democracy, the freedom of the press, human rights, and a market economy—a deep rooted change in the political outlook and spirit of the Hungarian Radio and Television could be implemented.

All this would be absolutely necessary in order to permit the public to recognize the system change, parliamentarism, democracy, the parties—and among these the ruling parties in particular—commensurate with the real significance of these. And further, this would also be necessary to enable people to obtain a true picture of their situation

and opportunities in the framework of objective information, so as to enable all to take part in building the country with realistic faith and an appropriate measure of self-confidence.

V.

The necessary transformation of Television and radio leads us to the field where we owe our greatest debt. This issue pertains to historical justice.

The basic idea of the Justitia plan remains unchanged and continues to be current. The plan advocates that those who could be held accountable for the present situation of the country should not find themselves in better situations after the system change than those who could not be blamed for anything, who did not benefit, but suffered throughout the past decades. It has become clear that this plan could not be fully implemented in the framework of a constitutional state. Wherever possible, however, everything should be done to enforce this basic principle.

Thus far the country's situation presented itself as an obstacle in the path of administering justice. We must recognize that our entire future depends on whether the West accepts us as a society which espouses the value systems of civilized countries, and which is peaceful and secure. For this reason we must also avoid taking any step which might confront people with each other. Tense social conditions could endanger a still unsolidified democracy during the transition. Last but not least, it would have been risky to take firmer action against communists (former communists) previously while the country was occupied by the army of a communist great power.

Hungary's has established a favorable image for itself in the world based on the past year's achievements. In general, Hungary is judged as having a value system identical to that accepted in the West. Transformation has taken place in the clearest form in Hungary among the socialist countries, and Hungary has the most stable democratic political system. With the departure of Soviet troops our independence has become complete. Our efforts toward this end after the shock effects of the coup have abated will by all means be understood by the West, but supposedly also by a segment of the liberal press, while in the wake of the dramatic days—while tanks rolled in Moscow and the pope paid a visit in Budapest—people will see many things differently than before. Considering all this, we must take immediate steps demanded by the need to do justice, steps that can be implemented in the framework of a constitutional state.

In doing so we must draw conclusions based on experience gained during the past year. Above all we must refrain from announcing plans we are unable to implement. We need not conduct theoretical debates, instead we need to take quick and firm steps.

1. *Organizations charged with the persecution of crime, prosecutors' offices, and the police must use the available means and must take the firmest of actions against those who commit crimes. Criminal acts committed to the*

detriment of state property and by taking advantage of the new forms in which the market economy appears cannot be left without consequences either. The foundations for action under criminal law must be developed urgently, and a corps of specialist to deal with this matter must be trained within the police and in prosecutors' offices. The return of state property must be demanded by way of court proceedings from all those who acquired state property below the value of such property during the past two years.

2. A committee to be convened by the prime minister and charged with the examination of issues presented in the Justitia Plan should, by a certain date, submit a report and recommendations including the issues described in 1. above.

3. Discredited previous leaders within the state apparatus and in enterprises under the direction of the state, as well as in prosecutors' offices and courts must be removed from the top levels of these organizations within the shortest possible time.

4. Based on a legislative proposal introduced by Zetenyi the decades of the previous system must be disregarded in calculating the time to be considered under the statute of limitations regarding certain special criminal acts.

5. The years a retired person spent in an independent position on behalf of a movement (as a party, KISZ [Communist Youth Organization], trade union, Patriotic People's Front, Workers Guard, etc.) must be disregarded in calculating the pension due. Persons whose pension payment based on this calculations fell below the minimum pension level should receive the minimum pension.

6. The chairman of the Hungarian Academy of Science must be requested to provide information concerning an authentic historical analysis of the post-1956 era, about work performed at the request of the prime minister.

7. A committee composed of historians and lawyers must be convened to examine the kinds of illegal activities committed in the course of reckoning in the aftermath of 1956. After studying the reports submitted by previous committees composed of historians and lawyers, this committee should prepare a summary evaluation of the practices involved in show trials between 1945 and 1989. The committee should examine relationships between show trials and the various party resolutions. The materials of the Party History Institute should be nationalized.

A law concerning the compensation of persons who suffered persecution for political reasons must be enacted in September. With respect to issues involved in doing justice an attempt should be made to accomplish advance reconciliation with the rest of the parties seated in parliament, and the support of the TIB [Committee for Historical Justice] and POFOSZ [National Association of Political Prisoners], as well as of other organizations concerned with doing justice, should be obtained.

One should not be lulled into an illusion that public support of the MDF and the government would necessarily and significantly increase in conjunction with the above described administration of justice. Local election results had proved among other things that society was strongly divided with respect to issues that pertained to doing justice. There is not doubt however, that our supporters feel a fundamental need for doing justice, on the other hand it is uncertain whether this sentiment reflects the viewpoint of a majority of society. The task must be implemented irrespective of this, however, in part because our election platform included a promise to do justice, and in part because the entire political philosophy of the MDF demands to do everything possible in this regard.

VI.

Firm action has become even more indispensable because it became clear that the political rallying of strata tied to the old system has begun. The Soviet coup attempt renders the importance of this matter even more obvious.

One cannot fail noticing the way former People's Party, KISZ, or totally unveiled MSZMP politicians appear within the Independent Smallholders Party [FKGP] behind the party leader who acquired the chairmanship post by using anticommunist rhetoric. One cannot fail noticing that in the shade of Imre Pozsgay's name, which still has a good ring, we are being attacked by another stratum of the reform communist intelligentsia under the watchword "national center." And one cannot fail noticing that during the days of the Soviet crisis Gyula Thurmer and his associates used increasingly blatant demagoguery in a statement supportive of unconstitutional violence to influence politically dependent workers who were most unfavorably affected during the initial period of change. One cannot fail noticing that throughout the country midlevel political or economic leaders who were retained, reaffirmed or reelected in their positions turned more and more openly against coalition party efforts to change the system.

It seems that within the largest opposition party the Left endeavors to preserve its positions by making order, against the majority of the membership which sincerely desires to change the system. And unfortunately, we must include here the fact that most recently even an MDF board member made a public announcement jointly with [Andras Kocsis,] the supporter of the Smallholders' chairman urging a "second compromise" between former communist "professionals" and the "political elite" of the ruling coalition, jointly designated as the "national citizenry."

VII.

A few things also occurred in the life of our representative faction during the past year. Establishing a better organization to perform our work remains the chief problem. And this would remain so for a long time to come, because we had to create a functioning organization out of nothing, without appropriate experience, without a given pattern, or given personal and material

conditions. To top it off, this is a very peculiar workplace, because representatives are sovereign and cannot be directed by leaders. And the office supportive of the work of representatives evolved very slowly and on quite an ad hoc basis. It was a mistake not to entrust from the outset to a paid professional the organizing and direction of the office, and the development of administrative rules. And when that has finally taken place, huge internal debates hindered the already started effort to organize the office. These hindrances began with a no confidence motion and with charges against the head of the office, accompanied by a huge press campaign.

The action of the 52 (incidentally there were only 49 of them) took place because an overwhelming majority of the signatories was dissatisfied with the functioning and the state of organization within the faction, and in conjunction with this, with the work of the presidium. But those who supported the press campaign and artificially sustained the case even after the votes had been cast were guided not by the need to better organize the faction, but by other considerations. Deliberately or coincidentally their activities also hindered the performance of organizing functions. *The relationship between the series of attacks launched against the office chief, and the hindering of improvements in the faction's working conditions does not at all require separate proof....*

There is not time left for further delay. We must start a new page. We must not give in to passions, to being offended and to sensitivities, to personal considerations and to the reflexes manifested by the opposition. We must unite against attacks which may be expected to increase and against divisive attempts, and as a result of a rationally organized legislative activity we must achieve a situation in which our perceptions prevail in the process of changing the system. After all, a year or two ago all of us began to conduct political discourse in response to a need to change the system: it is our human duty to make our determinations become reality. *Representatives must not harbor individual interests either: Only upon the successful completion of our task can we hope to be reelected!*

To accomplish this:

1. Personal business must be brought to a permanent close without further debate and we must concentrate all our strength on the common task. No one has to be ruined, but everyone must be made to understand that one cannot adopt a view opposed to the faction's view without consequences: one cannot publicly discredit the MDF, fight for personal goals for months with unworthy methods as if obsessed, and thus hinder the performance of jointly agreed upon tasks. Indecency must not become a political method within the MDF; no end should justify dishonorable means!

2. We must continue the activities we pursued thus far to organize the faction's work, activities which have been continuously set back in the course of the past months' debate. The expert staff must be permitted to operate

with professional methods, and the representatives' work must be organized on the basis of a rational division of labor based on mutual confidence.

Rules for handling money must be made clear by issuing detailed rules. Under no circumstances should a representative be suspect of financial irregularities: in regard to payments the responsibility should be that of a regularly audited employee, based on clear rules.

The futile dispute about the need for, and person of an office chief should be brought to an end. There can be no doubt that a professional is needed who enjoys the confidence of the elected presidium. Let us discontinue mutual suspicions, let us not think that persons who have gained the confidence of a body as a result of being elected would suddenly become unworthy of that confidence. Everyone should realize at last, that in a democracy one's lack of confidence must not cast doubt over the decision of a majority, because in an atmosphere of no confidence the work of the very body becomes impossible, and the common goals become impossible to realize.

3. We must adopt Organizational and Operational Rules that enable rational work. It does not matter if one or another representative declines to take part in faction meetings or in the preparation of certain laws, nevertheless we provide this opportunity to everyone.

Let us also organize the background to this, and then, thanks to the intensive work of representatives most competent in the subject at issue, we may be able to produce laws in a shorter time, laws in which the MDF goals prevail, and which from the standpoint of professional quality also surpass laws framed by a majority of the faction which include hundreds of uncoordinated amendments.

4. We must reorganize the function of experts! The corps of experts must perform two tasks, and for this reason the body of experts must be divided into two groups: On the one hand we need legal experts who perform legal work of a technical character in the course of legislation, alongside the representatives. The faction should hire a coordinator who assigns legal specialists to individual laws. These lawyers would cooperate with the person responsible for managing a given issue and would provide assistance in the legislative process. On the other hand, by way of contractual agreements, it would be possible and necessary for the MDF to maintain close relationships with the intelligentsia. The office of experts must be reorganized in order to accomplish this.

5. Various issues should not be debated without preparation at faction meetings; decisions should be prepared by smaller bodies. No debate and only decisions should take place at faction meetings.

6. The organizing of specific work should be entrusted to the office bound to cooperate in every respect with the MDF's Bem Square office, thus also in providing for personal and material needs.

7. An agreement should be reached urgently with the rest of the parties seated in parliament in regard to the final form of the committee system, and as a function of that, memberships in committees should be renewed. Everyone should have an opportunity to request committee assignments in which he feels that he could work successfully; *the present members of the respective committees should choose from among those requesting assignments.*

8. Internal information supplied to the faction should be perfected by further developing FRAKCIO HIREK; the faction should be informed about issues such as travel, which result in inequities and misunderstandings.

9. The working committees should develop intensive relationships with the cabinet and the ministries. We must achieve a situation in which representatives and the faction's experts receive all the help they need from ministry officials in order to perform their representative function.

10. *We must recognize that we are entitled only to the right to receive information and express our views regarding issues of governance, but we do indeed want to exercise that right. Our primary function is to legislate, and controlling the government is only a secondary function.* Even within that the only role of working groups must be strengthened and not the role of the faction as a whole, and *our fundamental starting point must be mutual confidence, foremost of all with respect to persons from our own ranks.*

11. It should be apparent that the above described matters could be realized only if we managed to accomplish that things said at faction meetings, arguments between representatives remained within the faction. *Important political issues cannot be discussed within the faction unless one can be certain that the decisions do not become public knowledge prematurely through informal channels,* and that our political opponents do not become familiar with viewpoints expressed prior to the decision. In addition to these matters, every organization has its internal affairs which are of no business to the greater public. Given "an appropriate interpretation," even the most substantive and candid dispute may be stated so as to acquire the opposite meaning. Preventing leaks in regard to the internal affairs of the faction represents a problem that can be resolved only by the group of representatives as a whole. The workings of the faction based on mutual confidence will continue to stall, much of our energy will continue to be used up in vain, and, in the final analysis, performance of our tasks will become impossible if there continue to be some who feel that in order to protect their interest they must propagate their minority views expressed within the faction and therefore must obtain broad publicity, if some, who on grounds of principle or for practical reasons wish to inform the public despite the will of the faction.

The success of our undertaking is being threatened by many things and many people. We should not hinder our own work, at least. By now the Warsaw Pact and CEMA have permanently become things of the past and the wind blows between buildings in Soviet barracks. And we have also succeeded in regard to a few other matters during the past months and years.

—Imre Konya, MDF faction chief

Independent Press Agency's Recent Initiative
91EP0688B Warsaw ZYCIE WARSZAWY in Polish
28 Aug 91 p 2

[Article by (yank): "Warsaw Press Information: A New Information Agency"]

[Text] (In-house information.) Warsaw Press Information [WIP] is a new initiative of the Independent Press Agency that imitates the agency bulletin issued in 1924-39. The publication appearing twice a week will discuss events related to activities of political parties and trade unions. The source of the materials will be information appearing in all of the Polish press, 68 dailies, and 148 periodicals.

The recipients of this publication will be daily papers, weekly publications and political organizations, state and management institutions, embassies, and foreign press correspondents.

Andrzej Notkowski, the director of the group compiling the bulletin, said: "We would like to be an element in the new press order and fill the gap that exists in our system of information dissemination. We will do what neither PAP [Polish Press Agency] nor PAI [Polish Interpress Agency] do."

A group of six press specialists will compile the bulletin, and two or three people will work on the organizational aspects.

National, Foreign Competitors in TV Development
91EP0688A Warsaw ZYCIE WARSZAWY in Polish
26 Aug 91 p 3

[Article by Joanna Stempien: "The Future of Television in Poland: A Slow Decline of Monopoly"]

[Text] The adoption by the Sejm of a new law on radio broadcasting and television will terminate the state monopoly of radio and television that has existed thus far. From this point of view, the law has been eagerly awaited, especially by those who many months ago filed applications for frequency assignments with the Ministry of Transportation. The number of those willing to start both television and radio commercial stations is unexpectedly large.

The projected law anticipates that decisions on assignment of frequencies will fall under the aegis of a newly created state administration organ, the State Radiobroadcasting and Television Council. In this area, the council will act jointly with the Ministry of Transportation. The ministry is presently preparing frequency plans for radiobroadcasting and television stations.

Benedykt Wojtinski, vice president of the State Radio-communication Agency said, "We are trying to determine what pool of frequencies we will have. How many television stations will be able to operate in Poland

depends on this. But even today we can say that the capacity of Polish radio air space is very limited."

Marek Rusin, deputy minister of transportation, spoke of this recently in an interview with ZYCIE WARSZAWY. He said: "We are ready to prepare at most one television broadcasting network that will encompass all of Poland, and in a few large urban agglomerations, we can manage a channel for long-range transmission. In many towns there will also be room for a few local stations."

Representatives of the transportation agency point to the barriers imposed by the need to respect international telecommunication conventions. At present, difficult discussions are taking place with Germany, which, as a result of unification, is changing the frequency plans for their eastern lands.

Potential owners of television stations do not agree with the opinion on the limited capacity of Polish broadcast air space, saying that the computations of the ministry are too low.

What is striking is that President Wojtynski believes that the projected new law on radiobroadcasting and television does not create greater opportunities for development in Poland of commercial television stations with a countrywide range.

Wojtynski said: "The problem at the moment is how many frequencies will be needed by the public sector. For new regional companies that will share public TV, there will, of course, be additional frequencies, and in their assignment, these companies will certainly be officially privileged. Let us add to this the agreement with the Catholic Church, which has a right in this area to one TV and radio channel. The result is that the commercial sector will be left little space—enough only for one television countrywide network."

Marian Kislo, director of the Department of the State Radiobroadcasting Agency, is of the same opinion. He told ZYCIE WARSZAWY: "If three public programs are to be created, and this conclusion may be drawn from the premises of the proposed new law, then in actual conditions, the chances for constructing a countrywide commercial program are slight."

Potential owners of TV stations, however, believe that frequencies have been reserved for a third network for public TV long ago and for this reason creating a third program will not in any way diminish the range of frequencies intended for private broadcasters.

There are 86 applicants for operating television stations, and of these, the following have applied to operate a countrywide network: Fininvest S.A. from Milan, the company of the Italian television potentate, Silvio Berlusconi; the European Management Services EMS; the Polish Ecological Party; the Polish Green Party; "Olech," a Gdansk company represented by Wojciech Ignacy Kurowski; the JACK SHOW Television and Advertising

Agency; Luxembourg Radio-Television; and Miroslaw Chojecki's Independent Polish Television (which speaks for coverage of 23 large cities).

As Director Kislo told me, "Interest in the matter was indicated also by Mariusz Walter's ITI; in his application of 17 November 1990, there was mention of constructing a network that would encompass five cities: Warsaw, Szczecin, Poznan, Katowice, and Wroclaw. A broader, not local, range of the enterprise was also proposed by El-Gaz, which wanted to set up a station for three northern voivodships, Gdansk, Elblag, and Slupsk. The State Agency for Radiocommunication also has applications from Telegraf S.A., a company expressing its intention to operate a TV station in eight cities: Warsaw, Lodz, Krakow, Katowice, Wroclaw, Poznan, Szczecin, and Gdansk."

Competition for a countrywide network rouses the greatest emotions. In the opinion of the representatives of the Ministry of Transportation, most important from the aspects of merit and finance are the offers of Independent Polish Television and Luxembourg Radio-Television.

Independent Polish Television, a company from Gdansk, was organized a year ago on the initiative of Miroslaw Chojecki, the creator of "New" and "Contact." Also involved in the enterprise are Michal Komar, the vice president of CZYTELNIK, Gabriel Meretik, the well-known French journalist, and, among others, Tadeusz Konwicki, Gustaw Holoubek, Andrzej Braun, Krzysztof Zanussi, and Jerzy Makuszewski as members of the Program Committee of NTP [Independent Polish Television].

The principal participants in the NTP company are the Krakow CZAS and GAZETA BANKOWA; the monthly RES PUBLICA; CZYTELNIK, WYDAWNICTWO LITERACKIE, and FILMOTEKA NARODOWA; Wytwornia Filmow Dokumentalnych [Documentary Film Productions]; Krzysztof Zanussi's Studio Filmowe "Tor"; and Chojecki's Telewizja "Kontakt." Advanced discussions are also going on with many strong western partners, including Silvio Berlusconi, Thompson, Wojciech Fibak, the French "Canal Plus," and BERD, the European Bank for Reconstruction and Development, which supports economic initiatives in countries of the former socialist camp (except for the USSR).

The plan is that the NTP program will be transmitted via satellite, which presents greater potentials than the system of land distribution. Miroslaw Chojecki said to us: "In this way, the program in Polish will be broadcast in all of Europe. It will create opportunities for reaching millions of Poles living abroad."

NTP intends to employ about 250 persons required for 24-hour-a-day programming. However, cooperation with Polish producers would be indispensable for preparing programs because NTP will be engaged in television program production to a very limited extent (80-90 percent of the programs will originate outside NTP).

"Our purpose is to create a Polish market of audiovisual producers, that is, to create competition among them," said Chojecki.

One-third of the NTP programs that might be called informational-cultural would be Polish. The rest would be European or American, with the proviso that the founders of NTP would forego any attempts to produce a foreign program translated into Polish. Their proposal also mentions a 30-percent participation of Western companies and basing earnings mainly on advertising. Chojecki said, "Our program, provided free of charge, will pay for itself."

Information on the subject of the plans of Radio-Television Luxembourg were provided to ZYCIE WARSZAWY by A. Tylko-Tylczynski, the representative of that company in Poland. Among other things, he said that CLT (Compagnie Luxembourgoise de Telediffusion) and RTL are the largest commercial international television-radio networks in the world. They have their own programs in many European countries broadcasting, among other languages, in English, French, German, Spanish, Portuguese, Italian, Dutch, and in the languages of Yugoslavia, and are preparing for Hungarian, Czech, and Polish. The RTL programs are watched and heard by approximately 250 million people at a time. The programs are intended mainly for entertainment, relaxation and education. The organization is headed by Gaston Thorn, former premier and minister for foreign affairs in Luxembourg.

In Poland, in addition to a countrywide TV network, CLT-RTL intends to operate its own radio program. It intends to cover all costs for installing its network and aid in operating and developing the countrywide network. In the initial stages, RTL intends to base its network on its own satellite.

As its Polish representative notes, RTL has funds and broadcasting rights for a 24-hour program and is ready to begin immediately. The RTL program would be broadcast free of charge without subscription payments—their TV would be supported exclusively from advertising.

The profile of the RTL program, its informational, journalistic, cultural, and political positions would be prepared by Polish coworkers in Polish and items in foreign languages would be translated into Polish. RTL also obligates itself to popularizing Polish cultural and scientific achievements and to complete neutrality and political independence.

CTL-RLT plans to create a Polish stock association, RT-Poland, and to issue its stock to Polish citizens. The RTL representative does not deny that this is an important trump card in their offering.

As I have said, the Ministry of Transportation is of the opinion that the proposals of both NTP and RTL deserve special attention. However, representatives of the ministry say that in our country, low-power stations

with local range and cable and satellite television have much greater opportunities for development.

President Wojtyński said, "In considering the problem of setting up commercial TV stations in our country, both countrywide and local, we must take into account the quality of Polish television receivers. In general it is quite poor, and this would make it impossible to receive many programs without interference. This is also the reason for careful and multistage extension of the frequency pool. Otherwise, people would be forced to replace their receivers."

All of this indicates that a strong commercial television sector will develop slowly in Poland. The decision in this matter will be made primarily by the State Council for Radiobroadcasting and Television. Before it takes shape, before the body is complete, parliament will select six of its members (three will be appointed by the president), quite a bit of time will have to pass. Potential owners of commercial stations, just like all who are discouraged by the proposals for public TV, have only one choice. To wait—and lose time.

Marketization of Culture Deemed Necessary

91EP0702A Warsaw TRYBUNA in Polish 19 Aug 91
p 2

[Interview with Janusz Korwin-Mikke, president of Union for Real Politics, by Jacek Wroblewski; place and date not given: "Culture Has To Be Expensive"]

[Text] [Wroblewski] You are the ideologue of the Union for Real Politics, reputedly one of the most conservative parties in Poland. In the programs that you create, do you include such a field as culture?

[Korwin-Mikke] Directly, no. I believe that the people themselves should take care of that.

[Wroblewski] Is it not a paradox to leave culture to itself?

[Korwin-Mikke] The paradox is what the communists and national socialists did. The first had so-called "culture-education instructors," the second had "free-time organizers." Ignoring the fact that free time, by its very nature, cannot be organized, let us say the gentlemen who concerned themselves with culture could not have done worse. They organized theater performances, worked in clubs, etc. They had a certain knack. In this way, culture became the property of the state. But culture flourishes when it is privately owned, when there are people who have money and spend it on culture.

[Wroblewski] Therefore, there should be no central financing?

[Korwin-Mikke] Of course not. Why should we all have to pay for something that we may not want to look at. Why should some poor old woman who is working her fingers to the bone in order to earn a few hundred thousand zlotys a month have to turn over a month's wages each year in the form of a tax to finance tickets to

an opera that she will never see because she cannot afford to buy an already-subsidized ticket? It is better to let people keep their money in their pockets. Then one person can buy himself an oil painting, for example, and someone else can go to the cinema, depending on their tastes.

[Wroblewski] In other words, you believe that a ministry of culture is superfluous.

[Korwin-Mikke] Of course. It should be eliminated as quickly as possible, so that not even one zloty of taxes will go to culture.

[Wroblewski] In that case, all costs of presenting an opera, for example, will have to be calculated into the price of the tickets. And these will become very expensive.

[Korwin-Mikke] Precisely the contrary. The performances will become cheaper. Recently I saw "Mistrz i Małgorzata" [The Master and Margaret] in the Great Theater. No theater in the world would allow itself to spend that much money on such costly scenography. If we stopped spending money from the central fund, the prices of tickets would not go up one iota. The money would simply be saved on the decorations. Something more modest would be built.

[Wroblewski] And sponsors? It is said that they should be given tax deductions.

[Korwin-Mikke] Absolutely not. There should be no tax deductions.

[Wroblewski] After all, the money that they spend does not return to them.

[Korwin-Mikke] What do you mean that it does not return? If someone bought a Toulouse Lautrec painting a hundred years ago for three francs and sells it today for \$10,000, then how does it not return? You see, sir, it is a fact that a culture that is subsidized by the state dies out. That is how it is with opera. But because of this, various second-rate music halls that the state does not finance flourish, even though they have less artistic value. The point is that the artist must be himself. If he works for someone else's money then he tries to toady up to that person, and does not create. Please look at how beautifully the arts are flourishing. In those days there were absolutely no subsidies on art.

[Wroblewski] Except that the creators of this art lived on the brink of poverty.

[Korwin-Mikke] And that is very good. There have to be 10,000 poor and hungry artists, all hoping that one or two of them will become a millionaire. In our country, on the other hand, even the most mediocre artist immediately receives a good salary, and the one that is excellent does not earn much more and will never get a raise. And what happens? The inferior one does nothing to become better, because what will he get out of that? The inferior artist should starve and the excellent one

should be a millionaire. Then culture would steadily raise its level. But for this to happen, state financing must be discontinued.

[Wroblewski] Nevertheless, in the West, many artistic endeavors are paid for by the state, as, for example, the Georges Pompidou Arts Center.

[Korwin-Mikke] And what is it like? It consists of trash. And the building itself? Some kind of mass wrapped in steel pipes. It is an abomination!

[Wroblewski] Let us return to sponsors. Should there be sponsors or not?

[Korwin-Mikke] If someone wants to pay for culture, by all means. Except that the situation will be the same as in the case of state financing. Again, there will be someone who pays because he likes something and an artist who wants the payer to like him. It would be better if this sponsor would buy a painting from a painter, a sculpture from a sculptor, go to someone's concert, pay for something just once, and then return home satisfied. The artist, too, would be more satisfied because he would be paid for what he created, and not for his activities.

[Wroblewski] What do you think about mass culture? For example, about television. To whom should it belong?

[Korwin-Mikke] The case of television is a more complicated matter, because in addition to the fact that it is a carrier of culture, it also serves as a propaganda medium. Therefore, it should be in private hands. It does not matter whose. But it should never belong to the government.

[Wroblewski] Would the Union of Real Politics like to have some kind of TV station?

[Korwin-Mikke] No. We would kill it. What could we show? Political programs? Maybe half a million people listen to politics on television, but 9 million people sit in front of their television sets. They want something more, including culture. One has to know how to produce and sell a television program.

[Wroblewski] Can culture be a commodity?

[Korwin-Mikke] It already is. Everywhere in the world. Except one has to be an expert in it, know whether it is worth investing in something or not. There are people who live very well off the sales of culture and arts.

[Wroblewski] Patronage, in other words.

[Korwin-Mikke] It is not a question of patronage but of knowledge. One must be a specialist, not an official. Anyway, this is not patronage. One can be a patron of something, but here we are talking about paying for works. Throughout the world there are people who like culture and therefore they buy various paintings, sculptures, etc. In any case, let us call them patrons. That is much better than state patronage, because there will be a

few, several, and perhaps even a few thousand such private patrons. There will not be a monopoly. Naturally, with no tax deductions.

[Wroblewski] Why do you constantly emphasize that there should be no tax relief for culture?

[Korwin-Mikke] And why should a certain number of people have special privileges as compared with others?

[Wroblewski] Can culture exist without capital?

[Korwin-Mikke] Maybe. I don't remember very well, but didn't the paintings in the Loscoux Caves come about without capital?

[Wroblewski] We have talked about artists, artistic institutions, and institutions spreading mass culture. But what should museums do?

[Korwin-Mikke] Well, what should they do? The socialists decided that museums are for the working people, and because of this they are open from 0800 to 1600. In this case, a working person cannot go to them because he, too, is working during those hours. If the museum were in private hands they would be open in the evenings, and maybe even at night, so that everyone, leisurely, could visit them. Paying an admission charge, of course. Coffee near the Egyptian mummy tomb is worth 50,000 zlotys—that kind of atmosphere....

[Wroblewski] As long as we are on the subject of museums, what do you think about the protection of the national culture? We have been flooded with foreign culture recently. For example, we have nothing but American films in our cinemas. Should we not, in some way, rescue our film arts from a slow death?

[Korwin-Mikke] Nothing should be protected. People prefer American films because they are better than ours. But "Vabank," for example, was a box-office hit, and now Mr. Machulski's films are getting worse and worse. If Skonecki, Liciś, Lendl, Fibak, and other sports figures lived in Poland, they would play worse and worse. The film industry belongs to the state! If it were state-owned in the United States and privately owned in Poland, then America would be swamped with Polish films.

[Wroblewski] In Warsaw, the show "Metro" is now being presented. Before that there was "Tamara." Not everyone could afford to buy a ticket. Do you believe that there should be a cultural elite?

[Korwin-Mikke] Sir, culture, on principle, should be elitist. Two hundred years ago every fifth poster would have been an artistic masterpiece. Today it is lying about in dump heaps because it is cheap.

[Wroblewski] Thank you for the interview.

[Box, p 2]

Janusz Korwin-Mikke, born 1942, president of the Union of Real Politics. The Union's ideologue. By education a specialist in socio-cybernetics. Journalist, publicist, theoretician of capitalism.

Iordache Criticizes Government, Parliament

*91BA1144A Bucharest ROMANIA LIBERA
in Romanian 5, 6 Sep 91*

[Interview in two parts with Claudiu Iordache by Corneliu Antim; place and date not given: "Black Lists for the Sake of Peace and Quiet"]

[5 Sep pp 1-2]

[Text] On the first day of the proceedings of the Chamber of Deputies, Mr. Claudiu Iordache demanded the resignations of the presidents heading the two chambers of Parliament. On the second day he disavowed the declaration of the standing bureaus of those chambers concerning the independence of the Republic of Moldova by casting a single opposing vote.

[Antim] What led you to make those demands in the Chamber of Deputies?

[Iordache] Actually, the day of 19 August placed the legal state's institutions in a ridiculous light, because at a time when most of the European chancelleries were expressing their stands on the Moscow putsch, the Romanian state reacted extremely weakly, as usual, with a pillow in its mouth! About a day had passed, during which the world was reproaching the officials' failure to react, when some declarations were made that were full of the conventional expressions characteristic of a certain communist ritual when receiving shocking news. As a first argument I could bring up here the reaction of Mr. Vacaru, leader of the FSN [National Salvation Front] in the Senate, who is noted for his mediocrity, in which he expressed his opinion that the coup d'état could bring better organization to the Soviet state! Then I waited for the officials to declare themselves, and they appeared late in the evening in the form of news that the Supreme Defense Council had met at Cotroceni. However, there was not one communiqué after that meeting! In the following days a feeling of relief set in because of the failure of the putsch, but I experienced a feeling of regret. I would have liked the crisis there to last a little longer, at least four to five days, because it had begun to act as an indicator of the attitudes and reactions of the political parties and personalities in Romania. Then I had an opportunity to see more clearly who the enemies of our democracy are and possibly even those of the Romanian state. I received a number of alarm signals in those days from very well-informed people, whose names I will not reveal for the time being, who warned me that political units had been formed in that period and even teams composed of reserve officers and other personnel who met and even compiled some lists of persons who were to be repressed. I also made a statement to that effect in Parliament today (Editor's Note: Tuesday morning).

[Antim] Some reports of that kind reached us too at that time, but what you are telling us now is the first qualified confirmation of such, let us say, putschist intentions in

the underground power structures in Romania. However, don't you want to give us some more precise indications?

[Iordache] One of the persons who informed me of these situations is the secretary of state in the Romanian Government and another is a senator in Parliament. Moreover, I heard that such a list, which I mentioned above, came into the hands of the prime minister. It would be worthwhile for us to know, if there actually is such a list, whether he has it and why he does not make it known to public opinion or at least express his reaction to it or, if not, make it known what is still deterring him from doing so! But here is the government taking a defeatist position again. It is just invoking the laws of the legal state in order not to take action against any forces that accuse it.

[Antim] How do you justify your demand for the resignations of the two presidents of the chambers of Parliament?

[Iordache] I saw that they did not react in any way in those difficult days. Parliament should have been convened immediately in order to serve the Romanians' aspirations here, moment by moment, in the hours when Bessarabia was preparing for historic actions and decisions and had even requested our help in implementing them. But this Parliament wasn't even able to meet on 27 August and did not do so until the dense clouds of obscurity raised by our well-installed government dispersed and it had begun to regain control of that agitated area. I personally rejected the declaration drafted then by the standing bureaus, which was put to a vote today (Editor's Note: Tuesday). Alone in the chamber, I expressed my opposition to the language used in the text of the declaration, which is purely and simply crass, wooden language, and I disavowed the idea, visibly emphasized in the text of the declaration, that we are starting all over with "the two Romanian states." Everyone knows that Bessarabia was taken over as part of a national territory and ultimately it must also return as part of that territory. Establishment of the Republic of Moldova as an independent state, recognition of the existing borders in Europe, and other questions of that kind indicate a lack of imagination and political adequacy on the part of those who are determining our relations with Bessarabia in our name. Because of the apathy of its two presidents and the stand that it could take in the wave of events that confronted it, I don't think Parliament proved equal to its office and I accordingly requested the resignations of its leaders, two persons well known to be extremely clever politically, who know how to exploit the privileges they have and who imposed their own pace on Parliament through the system and the supporters available to them. I want men at the head of this Parliament who have no such record of failures as those two have and as many other exponents of authority alongside them.

[6 Sep pp 1-2]

[Text] [Antim] Mr. Claudiu Iordache, your attitude toward the independence of the Republic of Moldova and the Romanian Parliament's reaction has been definite and peremptory.

[Iordache] I also asked Parliament to take the proper steps to accredit a standing delegation of Romanian members of Parliament in the legislative forum in Chisinau, and the reverse, and also to grant Romanian citizenship to the inhabitants beyond the Prut. That would have enabled Bessarabian politicians to participate in future general elections. In that way I would have demonstrated that we are not a weak, intimidated state and I would have provoked reactions from the European chancelleries, because otherwise they react only to situations and events that concern themselves. No one could still have said now, among those who invoke the necessity of caution, that the Russians would have sent tanks against us via the Ukraine. Politically speaking, there is no great difference between us and the Soviets, since the Romanian state is still under the burden of an insufficiently unmasked communism, while things are much more arbitrary with them. I also said that in front of the whole Parliament. The situation in the Soviet Union has demonstrated the difference between the elected politician and the appointed politician. The peoples of Russia, the Baltic countries, and Bessarabia assembled around their parliaments in time of need in order to defend them, whereas here, in a comparable crisis situation, the people would only have assembled around two empty halls wherein at most the standing bureaus were active in an urgent meeting! I voted against the declaration because it is very clear to me that it is merely a construction for international political consumption and not a substantive one. Parliament did not have the inspiration to draft its own document and accordingly adopted a declaration of only a part of it, whose mission by no means included such prerogatives. I can no longer be patient or tolerate such forms of political Byzantinism. I am convinced that through my opposing vote, I wished more from this Parliament than those who voted for the declaration.

[Antim] Tell me, didn't the parliamentary opposition react in any way to this stand you expressed in the Chamber?

[Iordache] I noticed some faint applause, somewhere. It seemed to be in the direction of the liberal opposition's corner, but the loud murmurs of the FSN deputies interfered with the acuity of my hearing in those moments, so that it is difficult for me now to explain what the opposition's reaction was or even that of some independent members of Parliament. Anyway, that means nothing because the liberal and National Peasant Party's deputies and those of other political persuasions voted for the content of the declaration. Deputy Ioan Alexandru, of the National Peasant Party, whispered to me in the hall that he had taken a similar view in a moving speech he delivered as it suited him at a great popular assembly in Chisinau, I think. That did not deter

him a bit from voting in his own Parliament otherwise than his conscience had previously dictated.

[Antim] What do you intend to do from now on as a deputy at odds with the rhetoric and bureaucracy of the communist kind that are undermining your actions in Parliament?

[Iordache] I am resisting very stiffly, I often thought of retiring, and I would have abundant reasons. In the first place, I am not interested in pursuing a political career. But my intention of becoming a party to adoption of the Romanian Constitution is what is making me determined to go on. I have the following opinion: We shall probably not succeed in drafting a perfect constitution, but such as it will be, good or less good, it is clear that we need it. It would change the directions of the movements of the government and its institutions at the center of gravity of law in the Romanian state. I detest the manifest tendencies toward narrow politicianism displayed by many of my colleagues in Parliament. I must admit I would have liked to have a party in back of me that would have helped me to better define my relations with the other political forces. I would have been much more forceful and clearer in my public appearances and attitudes, but as it is, unfortunately, I do not have that base of support today, and for the time being, I cannot allow myself to use instruments other than those provided by the legality of my position in a hall of Parliament.

[Antim] The qualities that have distinguished you in public opinion have to do with a certain moral and judicial rectitude, of which you have given proof. I think the public inclination of your political and civic conscience will deter you from giving up the struggle entirely. Under what circumstances do you think you will do so?

[Iordache] In December 1989 I came to the end of an interval of 15 years in which I had kept silent. I realized that the worth of my life would be negligible if I continued in that vein of basic cowardice in which I had lived until my present age, and I will not permit myself to deviate from my conscience in any way!

[Antim] What do your former party colleagues think of you?

[Iordache] At the start, after I resigned from the FSN, there were still persons who kept in touch with me. Not long after that some of them gave me to understand that they had been advised not to talk to me anymore. I had become a kind of regrettable bad omen that they had to break, especially after the "motion" that I made in Parliament in the spring before the FSN Convention. The FSN members' hostility became more and more evident after that motion. They know that it is no longer possible to adopt that motion, but they know equally well that the threat to them still persists and that once the truth comes out whole parts of this national Parliament will have to leave it. After I resigned from the FSN several of the important parties approached me with

offers. I rejected them in turn because I was not planning to join another party when I left the party of the government, where I functioned as vice president. I exhausted an experience with the FSN, and I corrected myself for the mistake I made in joining that political party.

[Antim] But how about your intentions of arranging a social-democratic alliance or agreement?

[Iordache] I think there is an unsegregated, very poor population in Romania with distinctly leftist political views. To put it briefly, I think that a part of the intelligentsia and especially of the industrial trade unions and, in fact, all those connected in one way or another with commodity production are also somewhat on the left of the political trends. I am thinking of a movement born inside those social categories capable of drawing it in time toward the center of the political spectrum, as illustrated by European social-democracy. There are many social-democratic units in Romania, but they are not consistent in their social substrata. I had an interesting experience in Oradea recently. I was the guest of the trade union members in the area of the National

Confederative Union. There, and not only there, I found what a pronounced aversion those people and even the miners of Reius have to all that this government party represents (of which I am accused even now because I served it), from the president and the prime minister to the mayor of I don't know what commune. I realized that these people have such a very strong political determination that they can no longer accept a return to communism at any time. I felt the need for something to be done about this working class. They say, "We are no longer represented by any party at all," and they are experiencing a kind of alienation: The trade unions feel abandoned, to say nothing of the fact that they are heavily infiltrated. One of the possibilities for their recovery would be for them to gradually become a party associated with social-democracy and to have a very clear political contract with the latter. I was asked to form such a party, but I raised the objection that it was necessary first to organize the party, and only then could we think about its leadership. I will be on the side of the people who will want to do this. I am even dreaming, if you will, of a kind of Romanian wage-earner's party.

New Political Maps of Yugoslavia Drawn

91BA1146A *Ljubljana DELO* in Slovene 7 Sep 91 p 19

[Article by Bozo Kovac: "Bloody Drawing Board for New Maps"]

[Text] The political architects would like to build new buildings from the crumbled bricks of the Yugoslav building that is being demolished; the competition, however, has not ended yet, and consequently it is not yet known who will get first prize.

It is only now that Yugoslavia is collapsing that it can be seen clearly that the bricks are extremely different. It is a real miracle that the building has stood for so many years. The structural engineers were obviously quite capable. Now there are no more of them, at least not Yugoslav ones; there are only political architects. When everything is being demolished, they are studying the "degree of difference of the bricks," and drawing up plans. The first sketches are so different that this will cause gray hair, not just in the Yugoslav area, but also throughout all of Europe, and especially in The Hague.

The loosest and most restrained sketch for a new political map of the Yugoslav area is being drawn by Slovenia. The "control points" on the border with Croatia have also designated the last points that would delimit the new state on the northern rim of the Balkans, and the southern rim of settled Europe. Since it cannot move out of this area or leave the present time, Slovenia is offering the other republics common mechanisms that could give the fragmented Yugoslav area some common characteristics, although based on the least possible common denominator.

The father of the Slovene concept is the Slovene foreign minister, Dr. Dimitrij Rupel. At the end of last week, he sent the foreign ministers of all the Yugoslav republics a proposal for a Yugoslav conference on security and cooperation, which, following the European model, would have permanent mechanisms, and would thus become an extremely loose "community" of the republics of the former Yugoslavia. According to Dr. Dimitrij Rupel, the conference would be "a framework for negotiations on regulating mutual relations, balance sheets, and other issues." Since an international peace conference on Yugoslavia is to begin today in The Hague, his proposal, in Rupel's words, should be viewed as "a supplement to the European Community's initiative for a peace conference, in which case the conference on security and cooperation in Yugoslavia could also become a permanent framework for cooperation among sovereign and independent states on the territory of the former Yugoslavia and among their associations, since it would ensure the necessary consultation and cooperation among them."

Slovenia Favors Loose Contact

According to the Slovene proposal, the conference could also have joint bodies. The delegations of all the republics would have equal rights, although certain republics

would already have established various permanent ties among themselves. The federal representatives would have more of a technical and coordinating role.

When Dr. Dimitrij Rupel wrote to his counterparts in the other republics, he mentioned diplomatically that in the discussions to date, "individual states or republics on the territory of the former Yugoslavia have stated different priorities, from a federation or a confederation with more or less close ties, to complete disassociation and the establishment of independent status under international law for independent states as the final goal."

The latter applies primarily to Slovenia, and to a considerable extent to Croatia. In the minister's proposal, Slovenia is acting as an independent state, and, of course, as an "intermediate area" between West Europe and southeastern Europe. This is supposed to mean that "Slovenia is open in all directions, on one hand to the West, and on the other to the East, which is an important market and trading partner both for the West and for Slovenia."

One may conclude from these formulations, which can only rarely be heard in the Slovene political area, that Slovenia does not want to be either Europe's southern military borderland or the northern province of the Balkans, but rather a vital "intermediate area" with developed trade, a capable banking system, and a liberally oriented macroeconomic policy, open to all sides of the economic and political world. Such a position would be extremely appropriate for Slovenia on the new political map of the Yugoslav area and Europe.

It could be equally satisfied with the second part of that political map, on which Dr. Dimitrij Rupel drew zones in which he placed the other Yugoslav republics. He attached Croatia only loosely to a sort of third Yugoslavia, and put together the rest of the "southeast" into a sort of federation, probably with the individual republics having a different status. Slovenia would have permanent forms of cooperation primarily with Croatia, probably in the same way as with Austria, Italy, or Hungary, and would at most join the other republics, or their joint state entities, in some form of permanent economic cooperation.

Croatian Proposal at Odds With Serbia

That kind of sketch for the political map of the Yugoslav area, however, is not at all consistent with the concepts anywhere else in the Yugoslav area. It differs least of all from Croatia's views. At the end of July, the former Croatian government published its proposal for eliminating the Yugoslav crisis, in which it proposed that all the republics recognize each other as entities under international law, and also immediately conclude an agreement on a new alliance and begin a procedure for "association," i.e., "organizing bodies, organizations, and institutions that would carry out agreed-upon tasks in an alliance of sovereign states."

The Croatian proposal also mentions international arbitration if the republics cannot reach an agreement. In other words, Croatia wants the republics to deal with each other according to the principles of international law, and not domestic law.

Serbia does not agree with this at all, as also indicated by the Serbian resistance on an increasingly larger portion of Croatia's territory. It is thus not likely that it would be possible to draw a new map of the Yugoslav area in accordance with Croatia's concept. Official Serbian policy states this explicitly. The Croats can leave Yugoslavia, but they cannot take their Serbs and the corresponding territory along with them if those affected do not want this—and they do not, as has also been stated in the Knin referendum and through the establishment of the two Serbian autonomous provinces on Croatia's territory; in these two "autonomous provinces," Serbian laws apply, not Croatian ones.

Dobrica Cosic Is Also Drawing a Map

Influential Serbian politicians, such as Dobrica Cosic, the spiritual father of the Serbian people, and Academician Mihailo Markovic, vice president of the ruling Serbian Socialist Party, for example, are saying quite openly what the new political map of the Yugoslav area could look like. Dobrica Cosic maintains that "the Serbian people will not and cannot live any longer in a community with peoples that hate them so much and do not want to live with them. At the same time he adds that Serbia will not waste the opportunity to establish a new state. Mihailo Markovic develops these ideas further, and furthermore decisively rejects any loose form of alliance among the Yugoslav republics.

"The only outcome of the Yugoslav crisis that we have to prevent at all costs," states Academician Mihajlovic [as published], "is the preservation of Yugoslavia as an alliance of states within its former borders." The principal reason for such a negative attitude toward a confederate system is the position of Serbs in Croatia, who would be "left to the mercy of the Ustase." Academician Mihajlovic's logic is extremely simple. Yugoslavia no longer exists, and if its external borders are not valid, neither are its internal ones, which are completely unacceptable, especially because of Serbian national interests. It is necessary to establish a new Balkan state community that would put all Serbs into one state, by fair means if possible and by foul means if necessary. Since Europe is sensitive about peace on the Old Continent, such a new Balkan state would assume responsibility for controlling the potential and quite possible unrest of the Albanian, Muslim, Macedonian, and other populations in the new federation. This would pacify Europe.

There Is No Slovenia on the Serbian Map

Less visible but nevertheless very vocal Serbian politicians and publicists, however, are also already drawing new borders, with different alternatives for putting all Serbs into one state. All of the variants have already set

Slovenia outside the borders of the new state, and Croatia only in a reduced form. The less expansionist Greater Serbians are establishing on the map an alliance of Serbian states that would include Serbia and Montenegro. The border, however, would not follow the former republic borders of Serbia and Montenegro with Croatia and Bosnia-Hercegovina. The new state would also annex eastern Hercegovina, part of eastern Bosnia, eastern Slavonia, Baranja, and the Knin and Bosnian Krajinas. Such an alliance of Serbian states would have two outlets to the sea—something that is extremely important to Serbia—on the Montenegrin coast and in the Knin Krajina.

Of course, there is also another variant of the new state alliance that would annex Macedonia and Bosnia-Hercegovina. Serbia would thus obtain one more outlet to the sea (Neum), and greater economic potential, but also larger minorities. The "politically more moderate" drafters of the new political maps with such combinations, as an extreme case, even allow for some sort of loose confederate ties with Slovenia and Croatia, although confederate Croatia would be considerably reduced. Krajina, eastern Slavonia, and Baranja would also belong to Serbia in that case. In other words, Serbs will by no means live divided among state entities separated by internationally recognized borders.

Passions have already been heated almost to the boiling point, and it is therefore not unusual that these "transactions" on the political maps are also becoming "transactions" in people. Since national states are emerging, ethnically pure settlements in Croatia are important for the Serbian state-creating principle. They do not exist, however, as they do not in Bosnia-Hercegovina either. Serbs live in them together with Croats, Slovaks, Muslims, and other peoples.

Judging by the events in Croatia, those ethnically mixed settlements are now being "purified." To be sure, all of the inhabitants are fleeing, but the question is who will be able to return when peace comes. That is why there are also proposals to organize a large migration of peoples, if necessary, in order to remove from the Yugoslav area the "leopard skin," as Vuk Draskovic visualizes the ethnic map of the former Yugoslavia. If that really happens, for a long time to come there will be no end to the sufferings that will be endured by people in the ethnically mixed areas. History knows of many such cases, and there is no guarantee that the Balkans will be spared now.

Will Montenegro Also Expand?

New political maps are also being drawn in Montenegro, although not officially. At least until now, official policy there has even warned that changing the borders between republics would only bring misfortune. "Unofficial" Montenegrins, however, are drawing them. They are expanding the borders of their republics primarily into Kosovo, Croatia, and Bosnia-Hercegovina. It would probably reach an agreement with Serbia on part of

Kosovo's or Metohija's very fertile territory, since everything would remain in the same state, a unified one or a federal one. Problems would arise with possible demands for Montenegro to get part of the territory of Croatia or Bosnia-Hercegovina.

It is not really very likely. In today's situation, however, and especially if it is exacerbated even further, one cannot rule out Montenegro's demanding from Croatia the territory at the mouth of Boka Kotorska, Peljesce, and some of the islands, and from Bosnia-Hercegovina, for instance, Neum, Ploce, and Metkovic, which would completely cut that republic off from the sea. Even with Serbia's support, however, Montenegro could hardly afford a conflict with two republics, and consequently a "Greater Montenegro" does not exactly seem likely, although Croatian geopolitician Radovan Pavic is also discussing quite seriously such possibilities and views in Montenegro.

Macedonia is in serious trouble with the present collapse of Yugoslavia. On one hand, it would be easier for it to solve its national and economic problems in a more or less stable confederation of Yugoslav republics, but on the other hand, the situation is forcing it into complete independence, which is feasible only with direct support from Europe. Consequently, the designers of political maps there are having a hard time coping with this. This can also be concluded from statements by Kiro Gligorov, who says that Macedonia will remain in the Yugoslav federation only if Croatia and Slovenia also remain in it, but likes to add that Macedonia will not follow in the footsteps of those republics. Particularly well known is his position, most recently stated last Saturday in Belgrade's BORBA, that "today it is wisdom to preserve the Yugoslav community, even with a minimum of joint functions. When feelings become inflamed, peoples' existential interests in establishing broader ties will come to the surface. Secession at all costs is not in anyone's interest." Tomorrow's referendum essentially gives the republic leadership a free hand. They can create an independent Macedonia, or they can include it in a confederation with other Yugoslav republics. The only dilemma would be if the referendum fails, which is not very likely.

Kosovo's View of Macedonia

The Macedonians are also consoling themselves with the fact that Serbia has probably written them off, since Slobodan Milosevic did not invite them to the recent meeting at which he discussed the preservation of Yugoslavia, together with the Montenegrins and the president of the parliament of Bosnia-Hercegovina (a Serb). All the days of crisis in the Yugoslav area have not yet ended, however. On Serbian territory, there are still people who like to say that Macedonia only extends "to where the feet of Serbian soldiers have stepped."

The idea of a new political map of Macedonia has also come from the ranks of Kosovo intellectuals of Albanian nationality. Thus, Shkelzen Maliqi, who is certainly one

of the top-ranking Kosovo intellectuals, has put into circulation the idea of a sort of Old-Balkan confederation that would extend from the Black Sea to the Adriatic, which means that it would include Bulgaria, Macedonia, Kosovo, Albania, and, since it has to do with an Old Balkan confederation, the territory of the former Thrace, Macedonia, Bardania, and Southern Illyria, according to Shkelzem Maliqi, the president of the Social-Democratic Party of Kosovo. Such a confederation would in a way solve the Macedonian question, since the Macedonians would live in a loose state alliance with the Bulgarians and would be protected against possible Serbian expansion. The Albanian question would also be solved, but at the expense of Serbia's understanding of Kosovo as the "cradle of Serbdom," which would bring new conflicts in the southern Balkans. At any rate, this concept will also have to be put on the negotiating table, but at best, at a time when the Yugoslav crisis has been more or less tolerably settled.

They Are Also Drawing a Map in The Hague

That may still be a long time from now. No republic will give its territory to others unless the transaction is extremely favorable. Furthermore, there is still the Federal Army, which is turning more and more into one of the most jeopardized institutions of the former Yugoslavia, since it still does not have a new master. Above all, its accounts with Croatia are still open. The latest ones are appearing on the Dalmatian coast. The Navy has ended up on Vis, and actually does not have anywhere else to go if Croatia secedes and also takes the islands with it. That is why the warnings about possible territorial claims by Montenegro upon the Croatian Adriatic are not completely unfounded. Furthermore, the claims can expand even further, but the "demand" will no longer be in Montenegro's name.

It is thus more and more evident that the new maps of the Yugoslav area are not consistent with each other. The only things they have in common are the external borders of the former Yugoslavia. Within those borders, the differences are so great that they can be eliminated only with the aid of an outside power, which could also help with Slovenia's idea of a Yugoslav conference on security and cooperation. One can therefore anticipate that new maps will also be drawn in The Hague. Perhaps the designers there will even be the crucial ones.

For the time being, the final words have not yet been said, which is not unusual. It is more or less obvious that Europe is still not united in its views on solving the Yugoslav question. It was not without good reasons that Italy established the Pentagonal initiative, which later turned into the Hexagonal initiative. Furthermore, Albania unexpectedly fell into its lap. Germany and Austria are favorably inclined toward the ambitions of Slovenia and Croatia, etc. All of Europe is "communicating" with Serbia with particular attentiveness. Thus, more and more new versions of the Yalta agreement, a collapse of the Yugoslav area into a Catholic part and an Orthodox part, and other variants are still possible. By

the middle of October we will already have learned in some way what the solution will be. Until then, many more ideas and speculations will be in circulation; and blood will probably still be flowing as well.

Serbian Emissaries Agitate in Slovenia

92P20007A Ljubljana DELO in Slovene 14 Sep 91 p 1

[Article by M.D. and J.T.: "Serbian Commissars Agitate Also in Bela Krajina"]

[Text] Novo Mesto, 13 Sep—Serbian emissaries are coming to the inhabitants of Zumberak, in Croatia, who live along the Slovene-Croatian border. With their ideas of a Serbian territory reaching to Karlovac and even beyond, they might create a new, flash point of instability and quite possibly also of ethnic conflicts. The inhabitants of Zumberak are descendants of the Serbs and Montenegrins who fled to this area to escape the Turks. Under Austria they were the pillars of the Vojna Krajina [Military Zone]. They are Greek Catholics. If the Belgrade plan were to succeed, the Croatian-Serbian battlefield in the Gorjanci area and along the border of the Kolpa River, for all practical purposes, would reach the Republic of Slovenia.

According to reports from the Croatian part of Zumberak, the inhabitants are arming themselves or are already armed. Some residents consider themselves Croats, others Serbs, which further complicates the matter. Moreover, the inhabitants of the settlements administratively centered in Ozalj are deliberating whether to join the Republic of Slovenia, because their geographic situation is such that their children go to Slovene schools and they shop in Slovene stores, which are closer than those in Ozalj. This idea to join Slovenia is an old one. However, some people across the Kolpa River are of the opinion that now is the time to start speaking out about it even though they are aware that the problem (without Slovenia being at fault) would complicate relations with our neighbor republic.

According to some reports, Serbian emissaries were seen recently also in Slovene villages of Zumberak. However, the inhabitants have expelled them. Dr. Plut, member of the [Slovene] Presidency, has said: "We have information regarding attempts to undermine the coexistence of the population in Bela Krajina and efforts to join the Croatian part of the area to Slovenia. Generally, it is only a matter of isolated, but in the township of Radatovici there are several of them. In addition, it has been reported that the Orthodox Church has also increased its activity." Dr. Plut continued: "In no way would we agree to the border changes, even if they were to our advantage, since by doing so we would lose our credibility in the eyes of the world and the institutions to which we pledged to respect the Brioni and Brussels Declarations. We must be extremely sensitive to conditions in this part of Slovenia, since we can in no way take a position against those who are not Slovenes, and we have to do everything possible to maintain coexistence."

Negative Results of Serbian Privatization Law

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in Serbo-Croatian 2 Sep 91 pp 13-14*

[Article by Milan P. Kovacevic: "Preservation of Social Ownership"]

[Text] The awareness that social "property," which gives those employed in an enterprise the satisfaction of self-management at the price of general stagnation, must be transformed into the property of private persons is growing steadily. But not only is implementation of this marked aspiration not making progress, it is constantly being checked. In the Republic of Serbia, the guidepost for that kind of application of the brakes was erected last year in the Constitution. Its Article 56 guarantees social ownership along with other forms of ownership although it never has been ownership. To make matters still worse, Article 58 states that "ownership and work are the bases of management and participation in decisionmaking." Article 60 even continued the transformation of private property into public property in the case of construction sites.

Given that situation, there was not even any great hope that the Federal Law on Social Capital, which began privatization of social capital—if only in the problematical manner of promoting workers to shareholders—would be broadened and improved in the Republic of Serbia. The only thing that was uncertain is whether and to what extent the republic law would slow down even the sale of shares to employees at a discount.

There was not even any hope of new and more effective methods of privatization. Internal shares were to be issued under the Federal Law on Social Capital by 18 August of this year. Unable to extend that unnecessary legal deadline legislatively, which was the only possible way, the Federal Executive Council called upon its own creativity and did this by its own decision on 7 August. Thus, our legal practice has been enriched with yet another invention. The validity of a law is being extended by a sublegal act.

Employees are being sponsored as purchasers of social capital by the issuance of internal shares. Worker shareholding is a demagogic consolation for the abandonment of self-management. If the workers had money and were really purchasing social capital, then nothing would have changed. They would be getting the coverage of ownership for their self-management and would have the sovereign right to distribute the newly created value to their wages and salaries and dividends. Except that even then the main shortcoming of social ownership would remain unchanged. It would not go through the process of reproduction, and social growth would be left without financing.

Those employed in socially owned enterprises do not, of course, have even the money to buy a major part of social capital if it is sold. And because the new Law on Conditions and Procedure for Transformation of Social

Ownership Into Other Forms of Ownership in the Republic of Serbia has introduced new restrictions as well, the pace of the transformation of social ownership into worker shareholding will be slowed up even more. This will be a new contribution to the protection of social ownership required by the Constitution, but also a postponement of the time when, with the help of the ownership of responsible owners, we will commence economic development once again. It remains to be seen what further possibility there is for waiting.

Without Legal Security

There can hardly be anyone anymore who understands the relationship between republic statutes, at least the statutes of those republics which favor preservation of the Federation and the laws of that same Federation. The Federation's Constitutional Court is constantly contesting more and more republic laws, and fewer and fewer Federal norms are actually being enforced in the republics. Many provisions of the Law on Conditions and Procedure for Transformation of Social Ownership Into Other Forms of Ownership may also be questionable under both the Federal and republic Constitutions, which is not to mention its conflict with the Law on Social Capital.

The republic law has contested the Federal law even retroactively. All internal shares issued under the Federal law are subject to a double review of the Agency for Assessment of the Value of Social Capital. Should there be a deviation from the regulations on the basis of which the internal shares were issued, the Agency will institute proceedings against that enterprise before an economic court. However, the Agency is also granted the right to nullify the privatization procedure in the following cases:

- a) If it finds that the value of social capital set by the enterprise is less than two-thirds of the value of the same established by the Agency;
- b) If the internal shares are issued on the basis of an increase in advances of net personal incomes; or
- c) If taxes and contributions established by statutes in the republic on the basis of issuance of internal shares have not been paid.

The law does not state by what official act the Agency is to proclaim that invalidity, but the enterprise is left the opportunity to defend itself against that act of the Agency with a suit before the Serbian Supreme Court.

The handling of this procedure indicates a lack of expertise. The Agency may proclaim invalidity, but it is only the court that will verify whether the basis exists for that nullification. The upshot is that many enterprises will not know where they stand for a long time. They will notify the Agency what they have done within 30 days. Over the following three months, the Agency will evaluate both the legality and the assessment of the capital. Then follows a period of another 30 days for the appeal.

Thus, we will only know after five months if the mixed enterprises have survived or have reverted back to socially owned enterprises.

Not a single one of the individual criteria for evaluation of invalidity is without fault. The Agency fixes the value of social capital, while under the Federal Law on Social Capital the enterprise's annual financial statement for the previous year would be authoritative. To be sure, the option has been left for the governing body of the enterprise to take its assessed value as its point of departure. If the enterprise has used the accounting figure, as allowed by the law, the question arises of whether it can be penalized for that. At the same time, it would not be logical for only those who have voluntarily used the assessed value instead of the accounting value to come under the verification requirement at this point. In such a situation, it will be extremely difficult for the ministry competent for financial affairs to prescribe the manner in which the value of social capital is to be ascertained, which is its obligation under the law.

The very wording is not clear concerning the issuance of internal shares on the basis of increasing the advance payment of net personal incomes which the Agency is to proclaim null and void. Under the Law on Payment of Personal Incomes, a portion of the increase of the net adjusted personal income over the average paid in the period July-November 1990 had to be used for the purchase of internal shares if paid out at all. Now the law requires nullification of any issuance of internal shares on the basis of an increase in advances against net personal incomes, but it does not say what the reference point is for the increase. If it has in mind the average from the same period to which the Federal law referred, then it is again retroactively prohibiting any application of a Federal law which has been in effect without dispute for a long time now. The very heart of the law opposes such a practice of penalizing those who have complied with statutes.

Finally, nullification of the issuance of internal shares unless taxes and contributions have been paid as established by statutes in the republic, is also debatable. The Federal Law on Payment of Personal Incomes has prescribed that funds for personal incomes intended for the purchase of internal shares are to be credited to the business fund and charged to nonmaterial costs "in the amount of the net personal income plus the corresponding amount of taxes and contributions." If an understanding of this Federal provision has resulted in an underpayment of taxes and contributions, then it would be logical to seek their payment, not to nullify the very issuance of internal shares.

Assessment

With respect to assessing the value of social capital, the arrangements chosen are strange to say the least. When shares are issued to augment capital (decapitalization), the assessment of the value of social capital is required

only if shares are issued bearing the right of management. It is not at all logical for the value of social capital to differ as a function of whether the new investors intend to take part in management or not. In both cases, the real value of social capital is needed for the purpose of correct comparison of earlier and new investments. To be sure, it is also provided in connection with decapitalization that the value of "things and rights" acquired by issuing shares must be estimated by a professional organization authorized by the Agency in the manner to be prescribed by the ministry competent for financial affairs. Greater importance is given in that regard to the purchase of individual shares than to the actual ratio between decapitalization through the sale of shares to private persons of the existing social capital, which is actually much more important.

When shares are issued in order to sell social capital, the approach to valuation of social capital is somewhat different. The value of social capital can be established at the accounting value from a financial statement drawn up as of the date of the decision or on the basis of an assessment. Assessment of the value of business buildings and other real estate is mandatory. It has also been necessary to assess or proportionately increase the value of social capital of enterprises which have had a yield on capital exceeding 12 percent over the last three years. Unfortunately, it is not clear what proportion is referred to here.

Only the ministry competent for financial affairs, by prescribing the manner of fixing and estimating the value of social capital, will make it clearer how its value is to be arrived at. It will not have an easy time of it, because several methods which are not always compatible have already been confused. The value of the pieces of an enterprise's property was the point of departure in assessing the value of business buildings and other real estate. That approach is justified in the situation when the sale of an enterprise's property is a realistic alternative and when sales prices can be used. However, the ability of an enterprise's capital to show a return, which is what the price of the shares depends on, is more important to future coowners. And an enterprise's ability to show a return is not always in line with either the actual or the sale value of its property.

Neither has the purchase of existing social capital, by contrast with decapitalization, been reflected logically in assessment of the value of an enterprise's capital. The purchase of existing capital yields a higher percentage of total capital than in the case of decapitalization with the same amount. It is not logical, then, that in the case of addition to capital—even if only when it is done by issuing shares that do not bear the right to take part in management—the property should not to be assessed but instead the accounting value should be used, which is usually lower than the real value, while in the case of the sale of existing social capital, the value of social capital will in the future have to be assessed, at least insofar as it consists of real estate. This will augment capital above its accounting value more frequently in the case of the

sale of existing capital than in the case of decapitalization, although the basis existed for precisely the opposite.

In both decapitalization and the sale of existing social capital, employees, former employees, and their immediate heirs are granted a discount between 20 and 60 percent depending on the years they worked in the enterprise in question. Yet instead of trying to sell shares in social capital at a better price and without the discount, the legislator has proceeded in precisely the opposite direction. It is not the volume of sale of shares without a discount that is important to the transformation of a socially owned enterprise into a mixed company, but the condition that at least 10 percent of social capital be sold at a discount for that transformation to take place. This gives "worker shareholding" superiority over privatization itself, even at the expense of logic.

Nor did logic fare well in the law. It prescribed that the decision on issuing shares and the decision on organizing a mixed company be made simultaneously. However, because the success of both depends upon the sale of a tenth of the social capital at a discount, either may fail, and in that case the decision itself is conditional. Its enactment still does not constitute the decision.

The law has also set several upper limits on the sale of social capital. In the first attempt at its sale, this is a maximum of one-third. The remainder can be sold only without a discount to all domestic and foreign purchasers. In the section on addition to capital, there is an additional provision to the effect that when employees are not sold the minimum of 10 percent of the social capital, then the sale can be offered to all customers, in which case even the sale with a discount must come up to at least half of the total social capital. This gives us yet another major lapse in logic. If employees do not purchase even 10 percent of the capital even at the discount, then in the new attempt to sell it to them, again at a discount, and to others without a discount, the maximum they can purchase is not one-third, but one-half of the social capital.

The way the money is handled is unusual in the case when existing social capital is sold. If the sale is made without a discount, the money is paid into various funds in the entire amount within a period of 90 days. When the sale is made at a discount, payment must be made within 30 days, but with only half of the money, which then goes only to one fund. The other half remains in the enterprise and is added to its business fund, that is, to social capital. Thus, the sale of social capital does not always mean that it is reduced. By contrast with the sale without a discount, when social capital is reduced by the entire part that is sold, when it is sold at a discount social capital is reduced by what is sold, but it is augmented once again by half of the amount collected. The effect on social capital is only the difference. In essence, the sale of social capital at a discount is not merely that, but also an addition to social capital.

A company with mixed social and private capital comes into being either through the sale of social capital or through addition of capital from private investors. If it is to perform well, it is absolutely necessary to name the representative of the social capital. Incidentally, this has in fact been the greatest defect of social "ownership," which in practice has belonged to no one and gone to ruin. Unfortunately, someone dropped from the text of the law the solution to that problem that existed in earlier drafts. He was obviously afraid that any more radical solution of the problem of social ownership might not square with the Constitution of the Republic of Serbia. Given that situation, hope remains that the Constitution itself will soon be amended.

Unfortunately, even after the Law on Conditions and Procedure for Transformation of Social Ownership Into Other Forms of Ownership, this transformation has gone no further than attempts which were not successful. Privatization with the help of shares, which up to now have been called internal, will be slowed down further, and new methods have not even been facilitated. Social ownership remains, but in society there will be less and less property.

Slovenia, Austria Conclude Business Deal

92P200llA Ljubljana DELO in Slovene 18 Sep 91 p 20

[Article by Vojko Flegar: "Slovenia and Austria Concluded First Serious Business Deal"]

[Text] Vienna, 17 Sep—This morning Dr. Wolfgang Schuessel, Austrian minister for economic affairs, and Dr. Miha Tomsic, Slovene minister for energy, signed a protocol on cooperation in the field of energy "valued" at almost 1 billion German marks [DM]. It involves cooperation in building and utilizing six power plants on the Sava River and in restructuring and optimizing the Slovene energy system.

The protocol notes that the Austrian Federal Government (and especially the states of Carinthia and Styria) agree to the financial cooperation under the assumption that Slovenia will close the Krsko nuclear power plant. The next paragraph of the protocol states that Slovenia, as the owner of half of the nuclear facility, will try to close the plant by 1995.

At today's press conference Austrian Minister Schuessel said in this regard that he expects an appropriate decision by the Slovene Assembly, and Miha Tomsic added that Slovenia will hold a referendum on this issue.

Austrian-Slovene cooperation in the matters of energy was actually the main topic of yesterday's and today's visit of an official Slovene economic delegation (headed by Vice Premier Dr. Anton Ocvirk) in Vienna, the highlight of which was the agreement to form the joint venture "Sava." The contract to form the company, signed yesterday, provides for 60-percent participation by the Austrian partners and 40-percent participation by the Slovene companies "Smelt" and "Sava Power

Plants." "Sava AG" is to have a 30-year operating concession on each plant. The Slovene share of the investment includes the already completed hydroelectric power plant "Vrhovo." Thus, only the Austrian partners, with state guarantees, are to finance the next of several power plants for the first year (approximately DM60 million). All six power plants on the Sava River are supposed to be completed in eight to 10 years.

Financial Status of Slovene Officials Probed

91BA1140B Belgrade POLITIKA in Serbo-Croatian
3 Sep 91 p 16

[Article by M. Laketic: "How Much Was Jeffrey Sachs Paid?"]

[Text] Although adoption of a "package of laws" changing property relations was on the agenda of the Slovene Assembly last week, because of a split in DEMOS and the threats of trade union representatives that the workers would deliver a counterblow the Assembly postponed adoption of these laws to September.

In addition to an exchange of accusations of theft in the session of the Slovene Assembly, deputy Mile Setinc, vice president of the Liberal Democratic Party, demanded that he be given an answer as to whether it is true that Jeffrey Sachs, Harvard University professor, whom Janez Drnovsek brought to Slovenia in early March to prepare a program for Slovenia's economic independence, had been paid \$300,000 by the republic. Setinc also demanded that the amount of monthly earnings of Alojzije Peterle, the prime minister, and other government officials be made public. Incidentally, there are rumors circulating in public that Prime Minister Peterle's personal income exceeded 14,000 German marks [DM] and that of his ministers DM10,000. The third of deputy Setinc's questions aroused a storm not seen for a long time on the Slovene political scene. That is, it is well known that Igor Bavcar, police minister, has his own enterprise, "Magelan," and that its losses last year were made up out of the republic budget. Mile Setinc demanded in this connection that a check be made whether the ministers, their wives, or their relatives are the owners of newly formed enterprises. It is already reliably known that Janez Jansa has several grocery stores in Kranj. And Dr. Dusan Plut, a member of the Slovene Presidency, has established a commercial enterprise, and it has started out with a retail center in Vic Opstina in Ljubljana.

Because aside from ministers and deputies belonging to the DEMOS coalition certain deputies from the ranks of the opposition have also become businessmen by using their immunity as deputies to carry on private business, Setinc demanded that a special commission be formed to verify the financial condition and transactions of members of the government and of the deputies who are working more in their firms than for what the voters put them in office.

Although embittered by Setinc's curiosity, Dr. Rajko Pirnat, minister of justice, proposed a compromise: postponement of adoption of the law on denationalization until next month.

Following this debate on the stealing of public property, overnight enrichment, and the salaries of Peterle and the ministers, which lasted several hours, the next question

was taken up: How is Slovenia to help Croatia? In addition to armament and material to erect obstacles, which have been exported to Croatia for more than a month, the Assembly empowered its government to offer the neighbors humanitarian and medical aid and also to prepare a formal recognition of Croatia as an independent state and to establish diplomatic relations with it as soon as possible.

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